

The complaint

Mr H complains that Lloyds Bank PLC (“Lloyds”) incorrectly told him he could be removed from a joint account held with his ex-wife. Mr H says the outstanding overdraft balance on the joint account is affecting the amount of money he can borrow for a mortgage and he wants Lloyds to write this off and remove his name from the account.

What happened

Mr H and his ex-wife hold a joint account with an arranged overdraft with Lloyds. Mr H says he contacted Lloyds by phone to query if he could be removed from the account if he paid half the outstanding balance of the overdraft which amounted to around £450. Mr H says he was told to visit a Lloyds branch to complete the relevant forms.

When Mr H visited the branch he was told by the branch manager that it wasn’t possible to carry out his request without the joint account holder present and while the account was in arrears. Mr H then phoned Lloyds whilst in the branch and was told again that he could be removed from the account in branch.

Mr H complained. Lloyds upheld Mr H’s complaint and apologised that he had been misadvised over the phone and paid Mr H £50 for the distress and inconvenience caused. Lloyds explained that it wasn’t able to remove either party from the joint account without the balance being cleared and without both parties signing a form.

Mr H was dis-satisfied with this and brought his complaint to this service. Mr H doesn’t think the compensation is enough and didn’t think Lloyds had resolved the issue regarding the removal of his name from the joint account which he no longer uses.

One of our adjudicators looked into Mr H’s concerns and reached the conclusion that the £50 compensation Lloyds offered for providing incorrect information was a fair way to settle the complaint and didn’t agree that Lloyds should write off the remaining overdraft balance on the account as the debt is the responsibility of both account holders. They also didn’t think there was any evidence to show that Lloyds actions had caused his mortgage offer to decrease.

Mr H disagrees and has asked for an ombudsman’s decision.

What I’ve decided – and why

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

It might help if I explain my role is to look at the problems Mr H has experienced and see if Lloyds has done anything wrong. If it has, I would seek – if possible - to put Mr H back in the position he would’ve been in if the mistakes hadn’t happened and I may award compensation that is fair and reasonable.

And in this case it's not disputed that Lloyds provided incorrect information to Mr H regarding having his name removed from the joint account he holds with his ex-wife. To put things right Lloyds compensated Mr H £50 for the distress and inconvenience caused.

Mr H doesn't believe this is enough as it hasn't dealt with the crux of the issue – that his name is still on the account and he is still liable for the overdraft debt. Mr H wants Lloyds to write off the debt and remove his name from the account.

Lloyds have told us that a joint account can be transferred to a sole account provided the overdraft is cleared, both parties consent and there are no account disputes. I accept how frustrated Mr H is by this as he no longer uses the account and he has some concerns that if he pays off the overdraft his ex-wife could run up the overdraft again. But ultimately the account is jointly held which means both parties are equally responsible for the management of the account and liable for any outstanding debt, whichever party spent the money.

Nevertheless, I can see that things have moved on and Lloyds have placed a "Notice of Dispute" indicator on the account which would ordinarily mean both account holders would now need to sign to process any transaction on the account. But because Lloyds can see there has been no activity on the account for a number of months it has suggested that to assist Mr H, he can make an appointment at a branch, pay off the overdraft and the necessary actions will be taken and the account will be closed. Which although I think it has taken too long to get to this place - given that what Mr H ultimately wants is to have all financial ties severed with his ex-wife - I think is a fair and reasonable way to resolve Mr H's complaint.

Mr H is also unhappy as he believes the outstanding overdraft balance has also led to a reduction in his mortgage offer. Mr H has provided a copy of his mortgage application as evidence of this. But there are a number of factors which determine how much a bank will lend and having looked at Mr H's mortgage application I can see he has lending in other places in excess of what is owed on the overdraft. So I don't think it can be concluded it was his overdraft alone that led to the reduction.

And even if it is the outstanding overdraft being reported on his credit file which has led to a reduction of borrowing on offer – I can't say Lloyds have made a mistake here as this is an accurate reflection of the accounts Mr H holds.

So it follows that I think what Lloyds has already agreed to do assist Mr H is a fair way to settle his complaint.

My final decision

For the reasons I've explained I think what Lloyds Bank PLC have agreed to do is a fair way to settle Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 November 2023.

Caroline Davies
Ombudsman