

The complaint

Mr C complains about Lloyds Bank PLC failing to close a defaulted account and making incorrect reports to Credit Reference Agencies (CRA's). Also, their service and delay in putting things right.

What happened

I issued a provisional decision on 14 April 2024, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a different outcome to what our investigator proposed.

Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 29 April 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr C complains about Lloyds Bank PLC failing to close a defaulted account and making incorrect reports to Credit Reference Agencies (CRA's). Also, their service and delay in putting things right.

What happened

Lloyds accept they've made an error here and have now rectified the situation, but Mr C is dissatisfied with the compensation they have offered him.

In summary:

- In February 2020, Lloyds arranged to default and close two of Mr C's accounts which had outstanding balances.*
- They didn't close one of the accounts and this meant that, when taking the monthly payment, they incorrectly informed CRA's of late payments, and negative markers were recorded on Mr C's file.*
- Mr C didn't realise this until 2023 so he lodged a complaint. And, due to Lloyds' delay in resolving the matter, he found it necessary to lodge a second complaint.*

Lloyds apologised and offered Mr C £90 in compensation. However, Mr C feels Lloyds' errors have directly impacted him. His mortgage application was rejected, and this resulted in him missing out on a property purchase. So, he was dissatisfied with Lloyds' offer and brought his complaint to our service.

Although our investigator thought Lloyds' error contributed to Mr C's mortgage application being declined, he wasn't satisfied Lloyds were responsible for him missing out on a property

purchase. This is because there is evidence that other factors (CCJ and defaults) impacted on the mortgage decision. However, he said Lloyds should increase the compensation offer to £300.

Lloyds agreed to pay £300, but Mr C remains dissatisfied. Mr C accepts what our investigator said about the mortgage but, because of Lloyds' delays and the stress caused, he thinks the compensation should be increased. So, his complaint has been referred to me to look at.

What I've provisionally 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.

Having done so, I'm also upholding this complaint and I'll explain why.

There isn't any dispute that Lloyds let Mr C down here. They:

- 1. Failed to close his account in 2020*
- 2. Incorrectly reported missed payments to CRA's*
- 3. Delayed putting things right. This included:*
 - o Not removing the payment markers until after Mr C brought his complaint to our service*

Mr C accepts other factors contributed to him being unable to purchase a property. So, the remaining dispute is over the level of compensation for the above three service errors. And what's left for me to decide here, is a fair and reasonable amount of compensation for the distress and inconvenience these caused.

Assessing compensation isn't an exact science and our approach when making awards for non-financial loss is detailed on our website and tends to be modest.

I think Mr C is aware that he should've known about the factors which contributed to his mortgage being declined. So, although I'm persuaded that he thought Lloyds were responsible for his mortgage being declined and I'm very sorry to hear about his disappointment, I don't think it would be fair to expect Lloyds to pay any compensation for his inability to purchase a property.

It's clear there was more than one error here, and to put things right it was necessary for Mr C to make enquiries and then raise three complaints (two to Lloyds and one to our Service). So, I'm persuaded that Mr C was caused a high level of inconvenience here.

Also, from Mr C's testimony, I'm persuaded that he found himself in a vulnerable position. He was finding it difficult and stressful trying to get a mortgage and then worried about the implication of his CRA file that had incorrect information on, so he required Lloyds to quickly put their error right. This unfortunately didn't happen for a number of months, and this was partly due to further errors being made by Lloyds.

Considering Mr C's worry, stress, inconvenience and the long delays in putting things right, alongside our guidance, I think the compensation here should be increased to £500.

So, having considered the above and all the information currently on file, I'm also upholding this complaint and I require Lloyds to pay Mr C £500 compensation.

My provisional decision

For the reasons I've given above, it's my provisional decision to uphold this complaint.

I require Lloyds Bank PLC to pay Mr C £500 compensation less any amounts already paid.

I'll look at anything else anyone wants to give me – so long as I get it before 29 April 2024. Unless that information changes my mind, my final decision is likely to be as I've set out above.

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.

Both parties communicated acceptance of my provisional decision.

With regards to the stated requirement for Lloyds Bank PLC to pay Mr C £500 compensation less any amounts already paid. Lloyds said they would pay Mr C £410.00 as they'd previously paid him £90.00. Mr C said he hadn't '*cash*ed or *kept*' the amounts already paid. So, our investigator will liaise on this administrative point.

With regards to a final decision, as there is agreement and no further arguments or evidence have been produced in response to my provisional decision, my view remains the same.

I therefore adopt my provisional decision and reasons as my final decision.

My final decision

My final decision is to uphold this complaint and I require Lloyds Bank PLC to:

- Pay Mr C £500 compensation less any amounts already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 May 2024.

Paul Douglas
Ombudsman