

The complaint

Miss M complains Lloyds Bank PLC sold debts for her credit card and loan accounts to a debt purchaser without telling her in advance.

What happened

Miss M took out a credit card and a loan with Lloyds. Unfortunately, she fell into difficulties and had to use a debt charity to support her with repayments for these debts. Miss M had told Lloyds about her mental health conditions and was pleased with how they were dealing with her. But she was really unhappy at Lloyds not telling her in advance they were going to sell her debts on. She said this caused a significant impact on her mental health, as she already has a bad relationship with the debt purchaser who now own the accounts.

Lloyds said they didn't do anything wrong, as Miss M knows they can sell her accounts on to another party if they want to – and they followed their standard process. They didn't uphold Miss M's complaint.

Unhappy with this, Miss M asked us to look into things – explaining she knows they can sell her accounts on, but she wanted them to let her know in advance. She said not doing so really impacted her health and thinks Lloyds needed to show better consideration on this point.

One of our Investigators did so but didn't uphold Miss M's complaint.

Miss M didn't accept this, saying she'd brought a previous complaint which was the same and we upheld it – and she'd found complaints on our website where we upheld it as well. So, the complaint's been passed to me to decide.

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.

I know Miss M is aware Lloyds can sell her accounts – and that isn't the crux of her complaint. The crux of her complaint is that she has mental health conditions, Lloyds are aware of this, and selling her debts on without them telling her impacted her. She asks that they show more care for her health.

Lloyds say they followed their standard process, and it's a business decision not to tell customers when accounts are being sold – and this can't be changed.

As a starting point I'm sorry to hear of how this impacted Miss M. I've seen an explanation of what happens to her in this kind of situation, and it sounds genuinely unpleasant. But, being impartial means I need to step back and really think about whether it'd be fair for me to say Lloyds have done something wrong.

I can absolutely see why Miss M would want to be notified in advance of her accounts being sold to a debt company – particularly if she’s had previous dealings with them which she’s felt weren’t positive.

But, quite simply, I’m not sure it’s practical for me to expect Lloyds to do this.

The reason I say that is because Lloyds won’t have just sold Miss M’s accounts to the debt company – they’ll likely have sold a block of hundreds if not thousands of accounts all at the same time. I don’t think it’s practical to expect them to extrapolate out from this number of accounts those accounts where someone has a vulnerability – and let them know the account is in the process of being sold.

As I say, I get why Miss M would want this, but I’m afraid I don’t think it’s a reasonable expectation to be placed on Lloyds.

Miss M has provided a decision from our website where we’ve upheld the complaint because of the communication. Miss M says she knows it’s a different product, but the principle is the same. That decision from our website relates to an insurance claim, which means the responsibility of both parties is likely very different – but as each case is decided on its own merits I can’t comment on this case.

I do accept Miss M has raised this same complaint to our service and received a different answer against a different provider – but, again, as all cases are decided on their own merits I can’t comment on the other case either.

My final decision

For the reasons I’ve explained above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss M to accept or reject my decision before 1 April 2025.

Jon Pearce
Ombudsman