

complaint

Mr F complains that Lloyds Bank PLC placed a deceased marker on his account and did nothing about it when he complained.

background

Mr F has an account with Lloyds Bank.

In January 2014 Mr F complained to Lloyds Bank saying that it had placed a deceased marker on his account. Lloyds Bank investigated but said it could not see a deceased marker on his account. Mr F says he couldn't make payments into his account and had to, for example, ask his employer to pay his salary into his partner's account.

In June 2014 Mr F complained to Lloyds Bank again saying that he was applying for a mortgage and the marker was causing problems. Lloyds Bank said that there was nothing it could do unless Mr F supplied a copy of his credit file. Mr F complained to us. Following our involvement, Lloyds Bank accepted that it had placed a deceased marker on Mr F's account in error and it agreed to remove it. Having done so, Lloyds Bank recorded missed payments on Mr F's credit file and defaulted his account. Mr F complained about this saying that he had been unable to pay money into his account whilst the marker was in place.

Our adjudicator recommended that Lloyds Bank remove the default and pay Mr F £500 in compensation for the distress and inconvenience caused. In addition, she recommended that Lloyds Bank convert the outstanding overdraft into an interest free loan having refunded the charges and interest it applied after the deceased marker was placed on the account. Lloyds Bank ultimately agreed to these recommendations. Mr F said that £500 in compensation was inadequate and asked for an ombudsman to review this complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The only issue I have to decide in this case is what compensation ought to be paid. That means I have to consider the impact of Lloyds Bank's mistakes in this case.

what mistakes has Lloyds Bank made?

Lloyds Bank accepts that it placed a deceased marker on Mr F's account in error, but I also think it handled the investigation into this badly. Lloyds Bank twice said there was nothing it could do because it could not see the marker it now accepts it placed on the account. The second time it said this – in June 2014 – it had evidence from another business within the Lloyds group that it could see a deceased marker on Mr F's account. That business would not open a joint account for Mr F and his partner because of the deceased marker. Lloyds Bank also recorded missed payments on Mr F's credit file and defaulted his account having withdrawn his overdraft because it had received no payments into the account. Lloyds Bank should not have done this either as the deceased marker not only meant Mr F was unable to pay money into his account but also meant he did not receive any letters about the missed payments. In other words, I have to consider the impact of a number of mistakes.

what impact have the mistakes had?

I can see that Mr F has been inconvenienced a lot as a result of the deceased marker on his account and Lloyds Bank's handling of his complaint. He was unable to use his account for the majority of 2014 – he had to get his employer to pay his salary into his partner's account and had to use cash for most transactions – and had to complain a second time about the marker because Lloyds Bank said it could do nothing when he first complained. He was unable to open a joint account with his partner and had problems getting a mortgage which delayed and this then complicated a house purchase. He also had to complain about Lloyds Bank recording missed payments on his credit file.

what compensation would be appropriate?

Had Lloyds Bank not placed a deceased marker on Mr F's account, I am satisfied that it would have continued to offer an overdraft to Mr F. I say this because I can see his overdraft was reviewed and approved for a further twelve months before the marker was placed on his account. Had Lloyds Bank not agreed to our adjudicator's recommendation to convert the outstanding balance on Mr F's overdraft into an interest free loan, I would have asked Lloyds Bank to re-instate Mr F's overdraft. I have, therefore, taken into account the fact that the interest free loan places Mr F in a better position than he would have been in had it not been for Lloyds Bank's mistakes.

Our adjudicator recommended £500 in compensation. Having taken into account the impact the mistakes have had on Mr F, and the fact that the interest free loan places Mr F in a better position than he would have been, I consider the £500 recommended is on the light side. I am, therefore, going to require Lloyds Bank to pay Mr F £750 in compensation rather than £500 in addition to the other steps recommended by our adjudicator.

my final decision

My final decision is that I require Lloyds Bank PLC:

- to remove the adverse information it has recorded on Mr F's credit file (including the default it had registered);
- to refund the interest and charges it applied to Mr F's account after placing the deceased marker on it;
- to convert the outstanding balance on the overdraft (once Mr F's account has been re-worked) into an interest free loan; and
- to agree a reasonable repayment plan in relation to the interest free loan.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr F to accept or reject my decision before 8 June 2015.

Nicolas Atkinson
ombudsman