

## **The complaint**

Miss P complains that Lloyds Bank Plc lent irresponsibly to her by allowing her overdraft to be increased significantly over short period. She would like charges and interest to be reimbursed.

## **What happened**

Miss P had a current account with Lloyds. She made an application via her online banking for an overdraft on the account in 2014. Multiple online applications were made and approved, increasing the overdraft limit from £250 to £3,000 by May 2016. During this period Miss P says she was gambling and was using pay day loans and credit cards as a consequence of this. Miss P says she opened an account with another bank in June 2016 as she was concerned Lloyds would reduce the overdraft and “swallow” her salary.

Miss P says Lloyds was lending irresponsibly in allowing her debts to increase when it should have known from her account transactions that she was gambling large amounts and was relying on pay day loans. She complained to Lloyds but it didn’t uphold the complaint. It said it didn’t know about Miss P’s problem with gambling. It had relied on the information Miss P had provided in the online applications and on credit scoring which hadn’t shown cause for concern so it hadn’t made an error.

Miss P referred her complaint to our service and our investigator looked into it. He didn’t uphold the complaint. He said Lloyds had acted reasonably in approving the overdrafts at the time. He said it had done the checks it would normally carry out and these hadn’t given any reason to think the increases weren’t suitable. He said he didn’t think Lloyds had acted unfairly in not linking the expenditure around gambling to the overdraft increases.

Miss P didn’t agree. She said Lloyds can’t have done any checks as in one month before the overdraft was increased in 2015 she was taking pay day loans whilst using the account for over £6,000 in gambling transactions.

As Miss P doesn’t agree it has come to me to decide.

## **What I’ve decided – and why**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint. Having done so I am not upholding the complaint.

I know my decision will disappoint Miss P but I need to consider whether Lloyds has acted fairly and reasonably and in line with the terms and conditions (T&Cs) of the account, as well as the law and industry good practice in its dealings with her and I think it has.

The overdraft applications were made online and asked Miss P to provide certain details. Lloyds sought credit reference information and could see from the account that Miss P was in receipt of a regular and increasing salary through the period that the overdrafts were approved. Significant payments were also being made to and from the account regularly.

It does appear Miss P was conducting the account well throughout the period by staying within limits and managing her payments. In these circumstances don't think there was any reason for Lloyds to either make extra checks on the account or question her about her finances during this period. I understand that keeping on top of everything would have been stressful for Miss P and for many people becomes unsustainable. But in this period Miss P was clearly able to continue to obtain credit and open accounts with other lenders and banks as well as from Lloyds.

The overdraft limits she requested were not excessive relative to her salary at the time. And she was able to clear the overdrawn balance the following year for a period and she did make regular payments in and out of the account. I don't think Lloyds acted unfairly or unreasonably in approving Miss P's requests for increases to the overdraft limit so I won't be asking it to do any more.

### **My final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 18 July 2020.

Nigel Bracken  
**Ombudsman**