

The complaint

Mr M complains that Lloyds Bank PLC was irresponsible in its lending to him.

What happened

Mr M was issued with a credit card by Lloyds with a credit limit of £3,200. He says at the time his credit file would have shown he had several other credit cards all at their limits, a mortgage and other loans. He says he has little money left over after paying his debts and his debts are causing him stress.

Lloyds says that Mr M applied for a credit card on 26 June 2019 and that based on his income and expenses information it was satisfied a credit limit of £3,200 was affordable for him. It says before it provides lending it uses its credit decisioning system which takes information from the credit reference agencies and applies an internal score. If this is of a certain level then the lending is approved. It didn't accept that it had done anything wrong in providing credit to Mr M.

Our investigator didn't uphold this complaint. He said that the credit check carried out before the credit card was provided didn't raise concerns that he thought meant the lending shouldn't have been provided. He noted the income and expenses information Mr M provided and thought the checks carried out were proportionate.

Mr M didn't agree with our investigator's view. He reiterated that he had outstanding credit commitments at the time and said his credit score was below 500. He says that he shouldn't have been given any further credit at that time.

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.

As our investigator explained, when considering complaints about irresponsible lending I need to consider whether the checks carried out before the lending was provided were reasonable and proportionate and, based on these, whether the lending was sustainably affordable.

Mr M has said that given his other financial commitments at the time he applied for the credit card, he shouldn't have been provided with credit card with a £3,200 limit. I have looked at the information that was gathered before the credit card was provided and credit limit set. I can see Mr M declared an annual income of £40,000 and monthly mortgage payments of £580. Mr M was required to provide accurate information about his income and expenses and having looked at his bank statements from the time, this information seems accurate.

Lloyds has also explained that it has its own credit scoring system which uses information from the credit reference agencies. I have looked at Mr M's credit file and I can see that at the time of his application he had other loans outstanding as well as other credit cards. I note he then took out further borrowing around the time of his application, but this is unlikely to

have appeared on the credit check at that time. Based on what I think would have been available at the time of the credit check, I do not think that this would have meant that the lending shouldn't have been provided.

Overall, I do not find I have enough to say that Lloyds Bank PLC was wrong to provide Mr M with the credit card and so I do not uphold this complaint. As Mr M has explained he is struggling financially, Lloyds should treat him sympathetically and positively in its ongoing communication with him.

My final decision

My final decision is that I do not uphold this complaint about Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 November 2021.

Jane Archer
Ombudsman