

The complaint

Mr D complains that Lloyds Bank PLC (“Lloyds”) increased his credit limit after he’d told it he was in financial difficulty. He also says he was told that Lloyds had sold his account to a third party, which wasn’t correct.

What happened

Mr D has a credit card account with Lloyds. He says that Lloyds increased the credit limit on his account, even though he’d told it he was experiencing financial difficulties. Lloyds says that Mr D’s credit limit was the same from June 2006 until March 2018. It says he hadn’t told it he was unhappy with the limit or told it anything to indicate he couldn’t make payments until he spoke to its Collections department about his financial situation in November 2017.

Mr D also says he was told that a debt collection agency had bought his account from Lloyds. This wasn’t correct. Lloyds says it had appointed the agency to manage the account, but it was still owned by Lloyds. Lloyds acknowledges that Mr D was given incorrect information about this. It has apologised for not giving him better service and offered to pay him £100 for the upset caused. But Mr D declined the offer and brought the complaint to this service.

Our Investigator thought that Lloyds’ offer was fair and didn’t ask it to do anything more. But Mr D didn’t agree so the complaint has been passed to me to review.

When Mr D referred the complaint to this service, and when he responded to our Investigator’s view, he raised numerous other complaint points. Our Investigator has explained why we can’t look at those, so I’m not making a decision about them here. I’m only looking at the two issues outlined 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.

I’m satisfied that Mr D’s credit limit stayed the same from 2006 until 2018. It was decreased twice in 2018, before being brought down to zero in January 2019 when the account was defaulted. From the information available, I find that the first time Mr D mentioned financial difficulties to Lloyds was in November 2017. This is recorded in Lloyds’ notes of a call with Mr D. So I’m satisfied that Lloyds didn’t increase Mr D’s credit limit after becoming aware of his financial difficulties.

Turning to the other point, Mr D says he was told that the debt collection agency had purchased his account from Lloyds. Lloyds accepts that this information was wrong as the account hadn’t been sold, although the agency had been asked to manage it on behalf of Lloyds. Lloyds has apologised for the upset this caused Mr D and offered to pay him £100. I think that’s a fair way to recognise the impact of this mistake. But I haven’t seen anything which makes me think Lloyds needs to do more to put things right here.

My final decision

Lloyds Bank PLC has already made an offer to pay £100 to settle this complaint and I think that's fair in all the circumstances. So my decision is that Lloyds Bank PLC should pay £100 to Mr D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 June 2022.

Katy Kidd
Ombudsman