

The complaint

Mr P complains that Lloyds Bank PLC irresponsibly increased his overdraft facility to unaffordable levels.

What happened

Mr P says Lloyds increased his overdraft facility to over £2,000 in a short time period. He says he had complex mental health issues which resulted in him gambling and says he overstated his income. Mr P says Lloyds ought to have carried out appropriate checks and should not have increased the overdraft facility. He would like the charges and interest refunded as well as adverse information removed from his credit file. Mr P would also like the outstanding balance written off.

Lloyds initially said it carried out appropriate checks but has agreed to refund all interest and charges. It says no adverse information was recorded on Mr P's credit file but says it will not write off the balance.

Mr P had brought his complaint to us and our investigator upheld the complaint in part. The investigator thought further checks ought to have been carried out by Lloyds which would have revealed the level of gambling. The investigator recommended Lloyds refund interest and charges and if necessary, pay simple interest on that amount if a balance was due to Mr P. The investigator didn't think it fair that Lloyds write off the balance.

Mr P doesn't accept that view and says the balance should be written off.

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.

Having done so I have come to the overall view that I can't fairly order Lloyds to write off the outstanding balance for the reasons I will explain.

I'm satisfied that Lloyds has fairly agreed to refund Mr P all interest and charges on the overdraft. I don't think any adverse information was recorded on Mr P's credit file and so I'm satisfied Lloyds has offered to put Mr P back in the position he would have been in. There is no need in those circumstances for me to comment further on the lending decision.

The only issue I need to consider in this decision is the issue of the outstanding balance. I appreciate Mr P would like that balance written off. But I'm satisfied that Mr P had the benefit of that money and that it would be unfair that it be written off. No doubt Lloyds will agree a repayment plan without interest to ensure the money is repaid and it follows that any refund be deducted from the overall outstanding balance. I appreciate Mr P says that writing off the debt would help him, but I have to consider what is fair and reasonable in the circumstances of this complaint. And as I have made clear, I'm satisfied Mr P had the benefit of the money.

My final decision

My final decision is that Lloyds Bank PLC has made a fair and reasonable offer to refund Mr P any charges and interest on his overdraft. His acceptance of that offer would be in full and final settlement of this complaint.

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

David Singh
Ombudsman