

## **The complaint**

Mrs F is complaining that Lloyds Bank PLC irresponsibly provided her with a credit card and personal loan in February 2008.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute and were set out in detail by the investigator. The credit card appears to have started with a limit of £5,500 and was reduced several times and in August 2016, the limit was £3,200. The personal loan was for £25,000, from the limited information available, the initial loan repayment was £186.62 which then increased to £191.72.

Mrs F had difficulties repaying the loan and it went to recoveries in December 2009. Lloyds didn't uphold any part of Mrs F's complaint but wrote off the outstanding balance of £2,700 on her credit card which is slightly more than the total interest, fees and charges on the credit card.

The investigator didn't think there was sufficient information from the time of sale to determine that Lloyds provided credit to Mrs F when it shouldn't have. However, she thought that Mrs F's use of her credit card account was concerning, and Lloyds shouldn't have increased her credit limit in August 2016, and she recommended that Lloyds remove adverse information from Mrs F's credit file.

## **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.

Lloyds is aware of its obligations under the rules and regulations in place at the time of its lending decisions, including the Consumer Credit Sourcebook ("CONC"), so I won't repeat them here. But, briefly, it was required to carry out sufficient checks to ensure that Mrs F would be able to repay the borrowing applied for in a sustainable way.

Due to the time that has passed Lloyds has been unable to provide point of sale information at the time it agreed the credit card and loan. There's no information available from either party about the checks Lloyds carried out before it lent or what it knew or ought to have known about Mrs F at the time. This means I'm unable to fairly say Lloyds lent Mrs F the loan and approved the credit card when it shouldn't have done.

Looking at how Mrs F used her credit card account, Lloyds would have seen that Mrs F was only repaying the minimum and wasn't getting herself out of the debt, it responded to this by reducing the credit limit on several occasions, it however automatically increased the limit to £3,200. Mrs F's account usage hadn't improved, and Lloyds could see that she was struggling to keep up with repayments as she had a number of late payments and was continuing to make the minimum.

In those circumstances it shouldn't have increased the limit. It is fair and reasonable for Lloyds to have written off the outstanding balance on the credit card but I also think that as it shouldn't have increased her limit in August 2016, it needs to amend the credit file entry to Mrs F's limit prior to that increase and so her credit file doesn't reflect adverse information in relation to the limit increase in August 2016. Essentially Lloyds needs to backdate the default on Mrs F's credit file to the date of her credit limit prior to the increase in August 2016.

Mrs F has said Lloyds lent to both her and her husband and that put a strain on them, she believes that Lloyds providing that much credit to both of them had negatively impacted their household finances. I can see that there is a separate complaint ongoing for Mrs F's husband and so I won't be commenting on any issues in that case. I would say that both the credit card and the loan were lent to Mrs F and her husband individually and so the expectation would have been on Lloyds to take into account their individual circumstances when it agreed to lend. Lloyds lending to both Mrs F and her husband isn't on its own sufficient to say that it lent irresponsibly.

Mrs F has provided information to show that she is struggling financially and has done for a number of years and I can see that the lending from Lloyds has negatively impacted her. However, the available information is after the lending decisions have been made and I haven't seen any information to suggest that Lloyds ought to have been aware of these circumstances when it lent. I appreciate that my findings will disappoint Mrs F but the limited information in this case, makes it difficult for me to say Lloyds was wrong to make the initial decisions to lend. I think it has taken positive steps to put things right on the credit card account, but I think it needs to amend Mrs F's credit file accordingly.

### **Putting things right**

Lloyds should amend Mrs F's credit file in relation to the credit card. It should backdate the default to the date of the credit limit, prior to the limit increase in August 2016.

### **My final decision**

My final decision is that I uphold this complaint in part and direct Lloyds Bank PLC to put things right as stated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 27 July 2022.

Oyetola Oduola  
**Ombudsman**