

## **The complaint**

Mr J complains that Lloyds Bank PLC have declined his credit card application and discriminated against him because of his age.

## **What happened**

Mr J says he applied for a Lloyds cashback Mastercard credit card on 2 December 2021, but his application was declined. Mr J wrote to their personal lending decisions department, requesting an explanation.

Lloyds responded to Mr J and they said that his original application was declined due to their credit scoring system which took into account a number of factors such as income, occupation, residential circumstances, existing borrowing and information supplied by credit reference agencies, but for business reasons they do not share how they calculate the decision.

Lloyds said they had assessed Mr J's application again, taking into account additional information Mr J provided, but they couldn't change their original decision. They said information from the credit search showed that the usage of a credit card in the last several months had increased significantly. They also said that he had a high level of mortgage debt across several facilities and for these reasons it would not be responsible to offer him a new credit card. Mr J made a complaint to Lloyds and pointed out inconsistencies in their response.

Lloyds did not uphold Mr J's complaint. They said that their underwriters had reviewed his application in line with their appeals process and upheld the initial decision. Lloyds said that any decision they make does not mean that they received any adverse information from the credit reference agencies, or he is a bad payer, only that he does not meet their risk profile at this time.

Mr J spoke to a Lloyds complaint manager on the phone. He suggested that the real reason that Lloyds would not give him a credit card was based on his age and this represented age discrimination, especially as he is still working full time and therefore not relying on pension income. He says that the complaint handler declined to either confirm or deny his age was a critical factor. Mr J brought his complaint to our service and he said the available evidence suggests that the real reason for refusing the card is based on age discrimination.

Our investigator partially upheld Mr J's complaint. He said Lloyds terms and conditions show they do not have to disclose the reasons why the credit card was refused, although Lloyds did point out that increased credit card spending toward the end of 2021 was a factor in the application being refused. He also said that the decision to reject the application was not based on anything discriminatory around Mr J's age.

Our investigator said that Lloyds had provided Mr J with poor customer service as the letter he sent them on 11 December did not receive a reply, so Mr J was inconvenienced by having to email Lloyds on 2 January 2022. They also included an error with Mr J's postal address on a letter which was dated 6 December 2021 and included templated wording

which they did not edit, which gave the impression they did not review the further information Mr J provided. Our investigator recommended that Lloyds pay Mr J £50 for the impact the customer service would have had on him.

Mr J asked for an Ombudsman to review his complaint. He made a number of points. In summary, he said Lloyds used inaccurate information to determine whether he should have one of their credit cards or not, despite the information was pointed out to them that it was inaccurate. He said Lloyds were guilty of age discrimination in considering his application and in the conversation he had with the complaint manager, she refused to deny that age discrimination was the key factor in Lloyds decision to reject his application, therefore this was an admission that age discrimination was a factor or the factor in the rejection of the application.

### **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.

Mr J has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'd like to emphasise that this service is not the regulator. Nor do we act as the enforcer for the regulator. The regulator is the Financial Conduct Authority. Our service acts as an informal dispute resolution service for complaints about financial businesses. So I must be clear to Mr J from the outset that I'm unable to instruct Lloyds to tell him the exact reason(s) that his application was declined for. This is because this is a commercial decision for Lloyds to make. If the reasons were made public, people may use this sensitive information to try and manipulate Lloyds' systems.

Mr J has complained that Lloyds are discriminating against him because of his age. In other words, they have breached the Equality Act 2010. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mr J wants a decision that Lloyds have breached the Equality Act 2010, then he'd need to go to Court.

I've listened to a phone call which Mr J had with a complaint manager on 12 January where the appeal is being discussed. They talk about his credit card usage elsewhere and the complaint manager says she explained the circumstances to the underwriter why the credit card usage had increased but Mr J explains he pays the balance off and it shouldn't make a difference.

The complaint manager then asks Mr J about his mortgages. Mr J explains that on one of the mortgages he has, he was trying to extend the mortgage term until he was 80, but the person he was speaking to left the company, but this was all sorted now. The complaint handler encourages Mr J to check what this has done to his credit file and she says that their lending criteria showed *"there was an issue with the mortgage, not just that you were extending it, erm so I would maybe's check your credit file on that."* Mr J asks if she means with the banks credit file or with a particular credit reference agency (CRA). The complaint manager confirms he should check it with three main CRA's and she gives him the names of these CRA's. Mr J says he will get in touch with them. The complaint handler says *"given that information, we're not able to offer you a credit card."*

Near the end of the call, Mr J tells the complaint handler that *"I know the real reason behind this, okay, I'll tell you confidentially what the real reason behind this is – it's my age, credit*

*card companies are ageist.*" The call handler says "*I certainly hope not*", but Mr J says he's researched this and they will get to the bottom of this and he'll let her know how he gets on with this.

While the call handler doesn't explicitly say this is not the case, she also doesn't say this is the reason why Mr J's application was declined. But I'm not persuaded that because somebody doesn't explicitly say something, that they are agreeing with him. I say this because the complaint manager had told Mr J earlier in the call that staff and applicants aren't given the exact reasons generally why an application is declined, otherwise people may be able to manipulate the system. Although on this occasion they had already set out the reasons why the underwriter had declined the application, and at no point age was mentioned. But she did mention he may want to check his credit file about how one of his mortgages was reported to the CRA's by his lender. So I'm not persuaded the call handler agreed with Mr J here that age was the reason why his application was declined.

Lloyds have categorically told me that a customer's age would not be a reason to decline an application for credit. And that their credit card has no maximum age limit. Lloyds say that any application would be subject to credit scoring and assessment. Given the evidence here, I'm satisfied that's what Lloyds did here.

I've considered what Mr J has said about Lloyds basing their decision on inaccurate information. He also provided us with a copy of his credit file. But I'm not persuaded that they would have based their decision on inaccurate information. I say this as they will have seen the usage of his credit card. Mr J has told us about this and the reasons for this, and factually speaking, while his usage doesn't increase over each month over the six months prior to his application, from the figures he's provided, the figures do increase month on month for the three months prior to the application. From August to November 2021, the balance changes from £878.12 to £6,867.89 which is an increase of nearly eight times the amount. Although Mr J has explained this was due to spending for Christmas presents, this still may concern a lender.

In addition, Mr J's credit file shows two mortgages with a combined total of £194,026, so while Mr J says this represents 19% of the value of the properties, I'm not persuaded that Lloyds are being unfair by saying the actual outstanding balance as opposed to the loan to value of the properties is high. Although I appreciate property values (and therefore lending on properties) will vary greatly across the country.

Mr J's credit file shows at least two of the credit reference agencies are reporting four adverse accounts. Included in his credit file, I can see two of these adverse markers relate to each of his mortgages with one showing as the worst status as a month in arrears and one showing he was previously subject to an arrangement to pay which normally means that an agreement has been reached to pay less than the contractual payment and it is typically used when a borrower is having financial difficulties and can't afford to pay the contractual payment.

In addition a utility company also reported his worse status as one month in arrears. While Mr J has explained what happened here and he may be able to provide letters about this, the fact still remains they are still showing on his credit file. A credit file should be an accurate representation of his payment history. Mr J may wish to speak to the companies/credit reference agencies involved here to amend his credit file if this information is inaccurate as lenders may view this as Mr J not being able to manage his contractual payments on time on four of his accounts.

In addition, Mr J may wish to consider registering a "*notice of correction*" with the CRA's to explain what happened here. This is a short explanatory note that he can add to an entry on

his credit file, to explain the background to that entry. So anyone who searches his credit report, such as a credit card provider, would see the notice of correction and take the notice into account if they viewed his credit file. Prospective lenders will each consider a notice like this differently and it isn't a guarantee that they will put the underlying payment information to one side. But given how strongly Mr J feels here - it is an option that is open to him. He would need to contact the CRA's to do this.

I've also considered that Lloyds didn't respond to Mr J's letter dated 11 December. I've seen a copy of this letter date stamped by them on 14 December, so I can't say this didn't reach them. Our investigator has suggested that Lloyds pay Mr J £50 for the poor service provided here.

I agree that this amount of compensation would be proportionate for what happened here. I say this as Lloyds also included an error with Mr J's postal address on a letter they sent him. This letter also included templated wording which they did not edit, which gave the impression they did not review the further information he provided them. So I'm persuaded that £50 for poor customer service would recognise the impact that this would have had on Mr J. So it follows I'll be asking Lloyds to put things right for him.

### **Putting things right**

Our investigator has suggested that Lloyds pay Mr J £50 which I think is fair in the circumstances. I'm persuaded this reflects the impact on Mr J for Lloyds giving him poor customer service.

### **My final decision**

I uphold the complaint in part. Lloyds Bank PLC should pay Mr J £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 December 2022.

Gregory Sloanes  
**Ombudsman**