

The complaint

Mr L complains that Lloyds Bank PLC lent to him irresponsibly.

What happened

Mr L applied for a credit card with Lloyds in October 2019. Lloyds approved the application and gave Mr L a credit card with a credit limit of £5000.

Mr L complained that the lending was irresponsible. Lloyds didn't uphold the complaint. It said it had carried out reasonable and proportionate checks before approving the application.

Mr L brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that although he thought Lloyds should've carried out further checks before approving the credit card, the information which would've been obtained by the further checks showed that the lending was affordable.

Mr L disagreed so I've been asked to make a final decision.

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.

Our approach to complaints about unaffordable and irresponsible lending including the relevant rules, guidance and good industry [practice, are set out on our website.

Lloyds needed to take reasonable steps to ensure it didn't lend irresponsibly. In practice, this means that it should've carried out proportionate checks to make sure Mr L could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount and the customer income and expenditure.

Less detailed affordability checks can be proportionate where a customer's financial position is stable and where the borrowing is insignificant given the consumer's financial circumstances. In this case, Lloyds was providing a large loan to Mr L in September 2019 and the credit card had a significant credit limit. So I think it would've been proportionate for Lloyds to have carried out further checks to ensure the lending was affordable. Based on what I've seen, I don't think the checks Lloyds carried out were detailed enough.

I've gone on to look at what Lloyds might have discovered had proportionate checks been carried out.

I've reviewed Mr L's credit report from the time of the credit card application. Based on what I've seen, there's nothing to suggest that Mr L wasn't repaying his existing borrowing sustainably.

I've also looked at Mr L's bank statements to assess his income and essential expenditure. Based on what I've seen, Mr L had enough disposable income at the end of every month to make repayments to the credit card. I haven't seen any information to suggest that Mr L was unlikely to be able to sustainably repay the borrowing. In the circumstances, I'm unable to say that Lloyds lent irresponsibly.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 3 May 2023.

Emma Davy
Ombudsman