

## **The complaint**

Miss F says Lloyds Bank PLC irresponsibly lent to her.

## **What happened**

Miss F opened a credit card with Lloyds in November 2012. She was given a £750 credit limit; this was increased to £1,250 in August 2013 and to £1,750 in September 2014. It was then reduced to £1,700 in December 2019.

Miss F says this credit card has caused her financial difficulties. The limit should never have been increased and it was clear she was struggling, using the card to pay for day-to-day essentials.

Lloyds initially said Miss F had brought her complaint too late so it could not consider its merits. This service disagreed and explained why Miss F's complaint could be reviewed under the rules we must follow. Lloyds accepted this decision. But it said, due to the time that had passed, the information relating to the affordability assessments and the credit checks no longer exists.

Our investigator did not uphold Miss F's complaint. He explained it wasn't unreasonable Lloyds no longer has the information it used to make its lending decisions given they were so long ago. To assess its decisions he reviewed Miss F's bank statements from the months prior to each decision. From these he could not conclude Lloyds was wrong to lend to Miss F.

Miss F disagreed and asked for an ombudsman's review. She said, in summary, when the card was opened the limit given was higher than her monthly salary, as it was when the increases were given. She asks how this can be acceptable and how would just a £50 limit reduction have helped. She is still struggling to repay this credit.

## **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 unaffordable/irresponsible lending - including all the relevant rules, guidance and good industry practice - is set out on our website and I have followed it here.

Lloyds is required to lend responsibly. It needed to conduct checks to make sure that the credit facility it was giving to Miss F was affordable and sustainable. Such checks need to be proportionate to things like the credit limit it offered Miss F, the maximum she could have to repay (including interest and charges) each month, her borrowing history with it and what it knew about her circumstances. But there is no set list of checks it had to do.

This means to reach my decision I need to consider if Lloyds carried out proportionate checks at the time of Miss F's credit card application and limit increases; if so, did it make fair lending decisions based on the results of its checks; and if not, what better checks would

most likely have shown. However, Lloyds is unable to send in details of, or the results of, the checks it carried out. This is not surprising or unreasonable given how long ago the card was opened and the limit was increased.

In order to try to understand what the checks most likely showed Lloyds I have reviewed Miss F's bank statements from the months before each lending decision. In the circumstances, this is the most reliable way for me to recreate what Lloyds would most likely have learnt from its checks – to the extent that it is possible to know this without the information it gathered.

From what I can see at the time of the card application, and the two limit increases, Miss F's finances seemed stable. There were none of the typical indicators of financial difficulties or instability, such as a persistent reliance on an overdraft facility, returned direct debits, use of payday loans or frequent gambling.

So based on the limited information available I cannot fairly conclude Lloyds was wrong to lend to Miss F.

Miss F questions how it can have been acceptable to give a limit in excess of her monthly salary. But this in itself would not be an indicator of irresponsible lending, we would expect the lender to consider if the applicant could afford to sustainably repay the credit over a reasonable period of time – not if they could repay it in one go.

I note there is an outstanding balance on the card and Miss F says Lloyds has not been helpful. But I can see it froze interest for three months so has offered some forbearance. I would urge Miss F to contact Lloyds now on the freephone number it sent her (0808 145 0366) to agree an affordable repayment plan.

I would remind Lloyds of its ongoing obligation to treat Miss F fairly, and with forbearance if required.

### **My final decision**

I am not upholding Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 13 December 2023.

Rebecca Connelley  
**Ombudsman**