

## **The complaint**

Mr A complains that Lloyds Bank PLC ('Lloyds') irresponsibly gave a loan that he couldn't afford.

## **What happened**

On 13 November 2017, Mr A asked for and was given a loan for £5,000 which had a term of four years.

In 2022, Mr A complained to Lloyds to say that the loan shouldn't have been opened for him because it wasn't affordable and that Lloyds ought to have made a better effort to understand his financial circumstances before providing him with credit. Lloyds declined to uphold the complaint. And Mr A brought his complaint to this service.

Our investigator thought the complaint should not be upheld. Mr A didn't agree. So, the complaint was passed to me to decide.

## **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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Lloyds will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr A's complaint is that Lloyds made credit available that was unaffordable. Lloyds has explained that it relied in part on information that Mr A provided at the time of application to assess affordability. The income and expenditure exercise that took place before the lending suggested that the new borrowing was affordable. Lloyds said they also carried out a credit search in Mr A's name to assess Mr A's level of debt at that time and to understand how he had been managing that debt. That seems like proportionate checks for a loan amount that was reasonably modest, both in itself and in relation to Mr A's declared income. With that information and using their own scoring metric, Lloyds decided to agree to the loan.

The Lloyds checks showed that Mr A's recent credit file was clean at the time of the loan applications. When I say this, I mean that Mr A's management of his existing credit showed no recent history of CCJs, defaults or bankruptcies. There was some evidence of

historic adverse credit history, but the most recent of those was over 18 months prior to this application for credit.

So, it would have seemed to Lloyds from the information they had from credit reference agencies that, at the point that the lending decision was made, Mr A was affording his recent existing credit. And so, Lloyds were not put on notice of any reason not to agree the lending from that. And so, I have seen insufficient evidence that the other information that Lloyds acquired or had presented to it at the time of the lending decision, would have led them to think that they were remiss in not checking Mr A's finances more closely before they lent money to him.

But even had the checks not been sufficient, I'm not persuaded that fuller checks would have put Lloyds off lending the reasonably modest sum to Mr A. I say that because I have noted the bank statements for the joint account provided by Lloyds. They showed a largely well managed account, with equivalent amounts going out compared to the amounts going into the account and a positive balance maintained throughout. The same is true of Mr A's sole account, except he managed it with a negative balance using an overdraft facility. In this case, I am not persuaded that this is sufficient to make otherwise reasonable lending unreasonable.

And I have seen no evidence that Mr A made Lloyds aware of his gambling at the time the loan was applied for. But had Lloyds studied Mr A's accounts more closely, I am not persuaded that they would have noted sufficient evidence of gambling to avoid providing the loan. The evidence that Lloyds had presented to it by Mr A and that they sourced for themselves at the time, suggested that gambling was not a reason to decline the loan at the time they made their lending decision.

I cannot use hindsight in deciding complaints about unaffordable lending. If financial difficulty happened later after the loan was given, that does not mean that the lender failed at the time they made their lending decision. And having considered all the submissions made in this case, and in the absence of any extra evidence from Mr A to the contrary, I have seen insufficient evidence to think that more thorough affordability checks would have led Lloyds to think that the credit it provided Mr A was unreasonable, or that more searching checks would have prompted them to have acted differently than they did.

I know that Mr A will be disappointed with my decision, in itself and because he has invested time and energy in pursuing his complaint. And because Mr A has told us he has had some other complaints upheld. At this service each complaint is judged on the individual circumstances of that particular case.

But I want Mr A to know that I considered all the submissions made in this case. But having considered all the submissions in this case, particularly those at the time of the lending decisions, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit Lloyds are responsible for was unreasonable.

### **My final decision**

For the reasons given above, I do not uphold this complaint.  
Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 December 2023.

Douglas Sayers  
**Ombudsman**

