

The complaint

Mr L complains that Lloyds Bank PLC lent irresponsibly when it approved his credit card application in 2006.

What happened

Mr L applied for a credit card with Lloyds in 2006. Lloyds says it reviewed Mr L's application and approved it with a credit limit of £1,000. Lloyds says there were no credit limit increases after the account was opened and that it was reduced to £600 in September 2009 and £500 in November 2010. Lloyds adds that Mr L's credit card was later closed and Mr L repaid the outstanding balance in 2012.

Last year, Mr L contacted Lloyds and complained it had lent irresponsibly in relation to the credit card he opened in 2006. Lloyds advised it only had limited information in relation to Mr L's credit card due to the passage of time. Lloyds didn't uphold Mr L's complaint.

Mr L referred his case to this service and it was passed to an investigator. In its file submission, Lloyds raised an objection based on the time limits noted in our rules and said Mr L had waited too long to refer his complaint to us. Another ombudsman decided the merits of Mr L's case falls within the scope of the Financial Ombudsman Service.

The investigator considered the merits of Mr L's complaint. They pointed out that there was only very limited information to show what had happened in 2006. Overall, the investigator wasn't persuaded Lloyds had lent irresponsibly and didn't uphold Mr L's complaint. Mr L asked to appeal and said he was only earning around £265 a week at the point of making his application in 2006. As Mr L asked to appeal, his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Lloyds had to complete reasonable and proportionate checks to ensure Mr L could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may

choose to verify a borrower's income or obtain a more detailed picture of their circumstance by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

Here, Lloyds has explained that as Mr L's application was made in 2006, around 17 years before he complained, the information it has retained is very limited. Businesses aren't required to retain information indefinitely so whilst I understand the lack of contemporary documents makes reviewing Mr L's complaint harder, I'm satisfied Lloyds has supplied everything it has available.

Lloyds has confirmed that it approved an initial credit limit of £1,000 and that it wasn't increased beyond that point whilst Mr L was using the credit card.

Whilst there's no direct evidence of what Mr L said in his application or the information Lloyds obtained, I'm satisfied it would've completed a lending assessment. And Lloyds has confirmed its lending assessment would've looked at the information Mr L provided about his circumstances, like income and residential status, along with a review of his credit file. I'm satisfied these are all common factors Lloyds used to assess credit card applications at the time Mr L applied.

Lloyds has also provided evidence from Mr L's bank statements from the time of his application. I've reviewed Mr L's statements from 2006. And whilst I can see they show a weekly income of around £265, I think it's fair to note they don't show signs of a substantial level of outgoings either. There are payments to Mr L's phone provider, but there's no evidence of other substantial regular outgoings towards credit providers as far as I was able to see. Mr L's bank statements show his account was being run in line with the terms and conditions and I haven't seen anything that would've caused Lloyds concern.

I also think it's fair to say that the credit limit approved was reasonably modest and in proportion to Mr L's income at the time of application.

Based on the limited information available, I'm satisfied Lloyds most likely carried out reasonable and proportionate checks before approving Mr L's credit card application. I'm sorry to disappoint Mr L but for the reasons I've noted above, I haven't been persuaded Lloyds lent irresponsibly.

My final decision

My decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 March 2024.

Marco Manente
Ombudsman