

## **Complaint**

Mr A has complained that Lloyds Bank PLC ("Lloyds") unfairly added fees to his overdraft after irresponsibly providing it and allowing him to build up high balances.

## **Background**

When it investigated Mr A's complaint, Lloyds agreed that it shouldn't have renewed Mr A's overdraft facility in July 2017. So it refunded all the interest, fees and charges added to Mr A's overdraft from July 2017 and backdated any adverse information recorded to reflect that this was when action should have been commenced in relation to Mr A's facility.

Mr A was dissatisfied at Lloyds' conclusions and referred his complaint to our service. Our investigators looked at this complaint and thought that Lloyds had done was fair and reasonable. Mr A disagreed and asked for an ombudsman's decision.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I think that what Lloyds has already done is fair and reasonable in all the circumstances of this complaint. I'll explain why I think this is the case.

It might help for me to start by explaining that where a business accepts (or we decide) it did something wrong, we'd expect the business to put the consumer in the position they would be in if that wrong hadn't taken place. In an ideal world, we'd tell a firm to put a consumer in the position they'd now be in if they hadn't been given the credit they shouldn't have.

So where a business increases or continued to allow a consumer to use a credit facility which it should have realised was unsustainable, we'd typically expect it to put the consumer in the position they'd be in now if they hadn't paid any further interest and charges on that credit. This means we'd normally expect a lender to refund the interest and charges added to any credit from the point the lender ought to have realised it was unsustainable. And if those interest and charges were paid also add 8% simple interest per year.

I'm satisfied that Lloyds' method of putting things right does accord with what I'd expect it to do should I have agreed it shouldn't have renewed Mr A's overdraft in July 2017.

That said, we do look at each case individually and on its own particular merits. And while we have a general approach to how we might tell a lender to put things right where it continued to provided credit it shouldn't have (such as here), we can and will tell it to do something different and/or something more if there's a strong reason to say that's what would be fair and reasonable to do in the circumstances of that individual case.

Mr A says Lloyds should do something different here. He says his overdraft was provided before July 2017 and so he should receive more compensation. I've thought about what Mr A has said. But we've already explained why we cannot look into what may or may not

have happened on his account prior to May 2017. As another ombudsman has, in some detail, explained why we're unable to look into Mr A's concerns prior to this date, I don't propose to repeat why this is the case in this decision.

Nonetheless, it's worth noting that the rules, guidance and good industry practice in place typically require a bank to review an account on an ongoing basis. And it is generally accepted that a bank should review a customer's overdraft usage on an annual basis. In Mr A's case Lloyds undertook a review of his overdraft usage in July 2017.

Lloyds has identified that it ought reasonably to have taken action in relation to Mr A's overdraft at this point. And I've already explained that this is why it has compensated Mr A by refunding all of the interest, fees and charges added to Mr A's overdraft from July 2017 and backdating any adverse information to reflect that this was when it should have begun the process of taking corrective action in relation to Mr A's facility.

This is the first review that should have taken place in the period that we can look at. Mr A's account will not have been reviewed between May 2017 and July 2017. I don't think that it would be fair and reasonable for me to now say that Lloyds should carry out a retrospective review of Mr A's overdraft usage in May 2017, because Mr A complaining in May 2023 means that we can't look at what might have taken place in the July 2016 review.

Bearing in mind all of this, I'm satisfied that what Lloyds has already done to put things right for Mr A is fair and reasonable in all the circumstances of his case. I'm therefore not upholding Mr A's complaint or requiring Lloyds to do anything further.

I appreciate that this will be very disappointing for Mr A as he believes he is entitled to additional compensation because he had his overdraft for longer than the period he's been refunded. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to even though I've ultimately not agreed with them.

### **My final decision**

For the reasons I've explained, I'm satisfied that what Lloyds Bank PLC has already agreed to do to put things right for Mr A is fair and reasonable in the circumstances of his case. I'm therefore not requiring it to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 April 2024.

Jeshen Narayanan  
**Ombudsman**