

## **The complaint**

Miss A complains Lloyds Bank PLC failed to provide her with sufficient support since she's been experiencing financial difficulties.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm minded to uphold this complaint for the reasons below:

- We can only consider the issues that took place up to six years before Miss A complained, so I've considered what's happened since October 2017. But I should also add that when it comes to overdrafts, we would normally expect a business to review an account at least annually, from the date an arranged overdraft was approved.
- Miss A has said she started to experience financial difficulties after losing her job in 2017. And since then, Lloyds has failed to provide her with the level of support she needed – and this added to what has been a very difficult time for her and her family. Having reviewed the information provided by both parties, it's clear that Miss A has been struggling with her finances for some time now, and this has impacted her health – which she was already struggling with. In situations like these, we would expect a business, like Lloyds, to show forbearance and offer support that is suitable for their customer's circumstances. In reviewing Miss A's complaint, Lloyds acknowledged they should have done more to support Miss A. And in their final response letter they acknowledged the overdrafts on her accounts shouldn't have been renewed from 2019 onwards. As such, they offered to refund interest and charges from the 2019 renewal dates for both accounts. However, Miss A doesn't agree with this and feels interest and charges should be refunded from 2017, when she considers her financial difficulties began.
- For account ending 1367, the renewal dates for the £2,000 arranged overdraft were in the January of each year. So, the first renewal date I've been able to consider for this account is January 2018. Having reviewed Miss A's statements from this time period, I can see that she utilised the arranged overdraft in November 2017 and the start of December 2017. However, by mid-December 2017, her account was in credit and remained so up until the January 2018 renewal date. As such, I can't fairly say there is sufficient evidence to persuade me that Lloyds ought to have known renewing the overdraft wouldn't be appropriate at that point in time.
- Miss A started to use the overdraft on account ending 1367 at the end of

January 2018 and continued to do so until May 2018 when over £60,000 was credited to her account. Her account remained in credit until November 2018, when she fell back into her overdraft; and by January 2019 she had been consistently using the majority of the £2,000 credit limit. As such, I consider Lloyds' final response letter correctly explained the overdraft for this account shouldn't have been renewed in January 2019.

- For account ending 3768, the renewal dates for the £1,000 arranged overdraft was July each year. So, the first renewal I could consider was July 2018. Having reviewed Miss A's statements for the three months prior to the renewal, I've seen that her account was rarely used and either had a small credit balance, or a £0 credit balance. As the arranged overdraft wasn't being used, there were no signs of financial difficulties. I also have to bear in mind that Miss A's other account (discussed above) had a substantial credit balance at that time, so again, I can't fairly conclude it was unfair for Lloyds to renew her overdraft in July 2018.
- By the 2019 renewal date for account ending 3768, Miss A's circumstances had changed. In the three months preceding the renewal, her account spent more time overdrawn, than with a credit balance. So, when this is considered alongside the status of her other current account, I also think this July 2019 overdraft renewal shouldn't have been approved.
- When we consider an overdraft shouldn't have been renewed, to put things right, we'd expect a business to refund the fees and charges on the borrowing. So, given the above, I consider Lloyds needed to refund all interest and charges from January 2019 for account ending 1367 and July 2019 for account ending 3768. Lloyds has agreed to do this, and I consider that is fair and reasonable in the circumstances.
- As Lloyds accepted the overdrafts shouldn't have been renewed, they told Miss A they would be removed and that she had 60 days to repay the outstanding balances. Matters were further complicated because there were delays in refunding the interest and charges to her account. This resulted in Miss A losing access to funds that had been credited to her account, and this happened around the Christmas period. This caused her a substantial amount of distress and worry. And having reviewed everything, I do consider this could have been avoided.
- I've not seen any justifiable reason for the delay in crediting Miss A's account with the refunds of interest and charges. I was also somewhat concerned that Lloyds also only offered her 60 days to repay her outstanding balance. We would normally expect a reasonable repayment plan to be put in place, and for that to happen, Lloyds should have taken Miss A's circumstances into account – but it didn't. Miss A said that to recognise the impact on her, she wanted £500 to put things right.
- Following my involvement, Lloyds acknowledged it could have handled things better. To put things right, it agreed to pay the £500 Miss A requested in recognition of the distress and inconvenience she experienced. They also agreed to refund the interest and charges Miss A was owed. However, when this offer was put to Miss A, she explained felt a higher award for distress and inconvenience was warranted due to her having been experiencing financial difficulties since 2017.
- I've taken on board what Miss A has said, but when I consider everything provided by both parties, I'm not persuaded a higher award would be fair and reasonable in the circumstances. I say this because our usual approach is for the relevant interest and charges to be refunded – and that is something Lloyds has already agreed to do. And

for the reasons detailed above, I consider the 2019 renewal dates are correct for this.

- I've also seen evidence that shows Miss A was in contact with Lloyds about her financial circumstances in early 2019. However, she didn't want her credit file to be impacted, so was reluctant to accept a 30 day hold on her account as that would result in it being passed to collections. She contacted Lloyds again in early 2022, and this time a 30-day hold was put in place on more than one occasion. I can also see Lloyds also made a note of Miss A's circumstances on her file, suggested organisations that might be able to help, and offered repayment plans and the possibility of closing the account if things didn't improve. So, I do consider Lloyds took some steps to try and support Miss A when she made them aware of her financial and health circumstances. It may not have been the level of support Miss A wanted, but I can't ignore that they took some steps to offer help – and on some occasions Miss A wasn't willing to accept it. As I have to take the actions of both parties into consideration when reaching my decision, I'm satisfied the £500 award for distress and inconvenience is fair and reasonable in the circumstances.

For the reasons above, I'm upholding Miss A's complaint about Lloyds.

### **My final decision**

My final decision is that I'm upholding Miss A's complaint about Lloyds Bank PLC.

To put things right, Lloyds Bank PLC should:

- Pay Miss A £500 in recognition of the distress and inconvenience she experienced as a result of their mistakes
- Credit Miss A's accounts with the refund of interest and charges from January 2019 for account ending 1367 and July 2019 for account ending 3768.
- Once the outstanding balances are repaid for Miss A's accounts, any negative markers should be removed from her credit file from the respective 2019 renewal dates.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 5 July 2024.

Sarrah Turay  
**Ombudsman**