

## **The complaint**

Miss H complains about the handling of her current account and credit card by Lloyds Bank PLC.

## **What happened**

Miss H is disabled and, after she provided proof of her disability and health conditions, Lloyds agreed to help her repay her overdraft and credit card she held with it. This help took the form of a suspension of charges and interest. However in November 2021, Lloyds began levying charges and interest again. It asked for updated “medical evidence in order ...to look at setting up a new repayment plan”.

Miss H has provided various letters from her GP and confirmation of benefits she receives due to her health conditions. Lloyds however, has refused to reinstate the previous arrangement it had with her and continues to ask for more evidence. Miss H says it’s clear that her disability and her health conditions are long term, and the bank is not specific about what information it requires. She says she’s tried to contact the bank and has sent evidence, but she’s been unable to get any help from it. She complained to Lloyds in April 2023.

Lloyds looked into Miss H’s complaint and issued a final response letter. It reiterated its position that it required up to date medical evidence, but didn’t explain what it was it required. Lloyds acknowledged the frustration this matter was causing Miss H and paid her £100 “to cover some of the charges you have been incurring recently”. It said it hadn’t found any evidence to suggest the bank had made any errors.

Miss H was unhappy with Lloyds response so she referred her complaint to this service. One of our investigators looked into it. He said he could see Miss H received help from 2019, which had come to an end after the bank had asked for further information from her to continue that support. Our investigator felt it was not unreasonable for the bank to request medical evidence. He didn’t think Lloyds had acted unfairly.

Lloyds accepted what our investigator said, but Miss H didn’t. She pointed out that she had tried to provide relevant evidence but Lloyds hadn’t been specific about what it required.

As there was no agreement, the complaint has been passed to me for 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.

While the full circumstances around it are a little unclear, having reviewed the evidence we have, I’ve reached a different decision from that of our investigator. I issued a provisional decision saying:

*“Miss H has been a customer of Lloyds for many years. It appears she contacted Lloyds for help with her overdraft and credit card at some point in 2019. She believes an arrangement*

was put in place which meant she had a reduced interest rate on her credit card and no charges on her overdraft enabling her to reduce (and hopefully from her point of view) repay what she owed. Her overdraft limit was £500 and the credit card limit was £1,550.

It's not clear from the notes provided by Lloyds what arrangement - if any - was put in place, but I can see a number of '30 day holds' and a few mentions of refunds in the case notes. I've seen too that Miss H's credit card was closed for new transactions in December 2021. I'll return to that point later.

I've looked at the statements Lloyds has sent us for Miss H's current account which run from June 2020 to June 2022. It appears the current account isn't Miss H's main account as she paid in £12 per week throughout that period and had very few outgoings. However, from 16 November 2021, a daily charge began to be deducted which hadn't appeared previously - perhaps as a result of some kind of arrangement coming to an end. Since then, Miss H has largely stopped using the account but continued to pay in £12 a week. The only regular debit in this time was a payment of £30 or so to her credit card. She'd reduced the overdrawn balance from £416.40 to £315.03 over that time, but the daily charges were now taking up a significant portion of the money she paid in, so the balance is reducing much more slowly than it was previously.

As mentioned above, Miss H's credit card was closed for new transactions in December 2021. She appears to have kept up with the minimum payments of around £30, but has incurred interest of around £20 - so again, her debt hasn't reduced as much as it might.

Miss H has acknowledged that she owes Lloyds money and isn't trying to avoid that in her complaint. She is simply asking to do so without incurring the charges which are preventing her payments from reducing the debt as quickly as she might.

I don't think there's any dispute that Miss H is disabled. She's provided Lloyds and us several letters dated over a period of a few years from her GP which set out details of her health issues. She's also provided letters from the Department of Work and Pensions setting out her Personal Independence Payment (PIP) award which shows she's receiving the top award available.

I think the situation Miss H finds herself in currently - trying to repay her debts but not really getting anywhere - isn't helping her. And repeated unspecific requests for information or for her to contact the bank and going through the loop each time are also causing her distress. She doesn't appear to me to be seeking to hide from her responsibilities, rather she is trying to sort things out. And, of course, Lloyds has a duty to treat customers in difficulty fairly - especially those who are vulnerable.

Having thought carefully about the circumstances here, I do think Lloyds could have done more to help Miss H. There is no doubt that Miss H is a vulnerable consumer, and her situation is unlikely to change significantly. And she has provided some information to Lloyds showing her up to date PIP award and letters from her GP.

I think Lloyds ought to have recognised her efforts to keep up repayments to her debts. It could have assisted her by continuing with the suspension of interest and charges.

### **Putting things right**

I understand that Miss H managed to repay the overdraft in December 2023, but her credit card still has an outstanding balance. I think Lloyds should:

- Calculate the daily overdraft charges from 16 November 2021 to date, along with

*interest charged as a result.*

- deduct from that figure any refunds (not compensation) it has made during that period and refund any residual charges and interest.*
- Calculate interest and charges on the credit card since the account was closed to new transactions (December 2021)*
  - deduct from that figure any refunds (not compensation) it has made during that period and refund any residual charges and interest.*
  - suspend interest and charges going forward.*
- Any adverse markers placed on Miss H's credit file in relation to these two accounts should be removed.*

*I don't think it would be unreasonable for all the refunds to be applied to the credit card debt. If a balance remains outstanding after the refunds have been applied, Lloyds should contact Miss H to agree an affordable repayment plan for the residual balance. If there is an excess, then I think that should be paid to Miss H.*

*I make no award of interest on the refunds as technically Lloyds is entitled to charge it under the terms of the credit agreements it has with Miss H and there is no suggestion that the lending was inappropriate for her. But I do think Lloyds could have handled the situation better. I think a refund of interest and charges set out above, puts Miss H in the position she ought to have been in had Lloyds handled things as I'd have expected.*

*I note the distress Miss H has suffered as a result of the issues covered in this complaint. I can see from the notes that Lloyds has compensated her for that. For instance, as I mentioned earlier, it paid her £100 for the "frustration" she encountered. I've purposely excluded compensation from the calculations above and make no further award in that regard."*

Both Miss H and Lloyds have accepted my provisional decision, so I see no reason to depart from it.

### **My final decision**

My final decision is that I uphold this complaint. Lloyds Bank PLC should put things right for Miss H as I've set out above.

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

Richard Hale  
**Ombudsman**