

The complaint

Mr H complains that Lloyds Bank PLC provided him with an overdraft facility irresponsibly. Mr H also says he was told he'll get a call regarding his complaint but didn't get a call and instead received a letter.

What happened

Mr H's overdraft facility with Lloyds started in September 2010 with an initial limit of £1,000. This limit was increased a few times and is currently £3,000, Mr H has confirmed his overdraft facility is still active.

When Mr H complained to Lloyds about it lending irresponsibly, it said he had complained too late. Mr H referred his complaint to the Financial Ombudsman Service and Lloyds didn't give this service the consent to consider Mr H's complaint before 2018, as it said Mr H had complained outside the time limits that apply. One of our investigators looked at what both parties said and Mr H agreed that his complaint should be considered from 2018 onwards.

So, our investigator considered the limit increase in May 2022 and June 2022. The investigator also how the facility was used from 2018 onwards. Our investigator concluded that Lloyds hadn't done anything and didn't recommend that Mr H's complaint should be upheld. Mr H disagreed; he said the increase in his overdraft limit was irresponsible as it was done at a time of financial strain. Mr H asked for an ombudsman to decide his complaint.

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.

Lloyds will be familiar with all the rules, regulations, and industry codes of practice we consider when looking at whether a bank treated a customer fairly and reasonably when lending an overdraft and applying overdraft charges.

As stated above Mr H has said he wishes to proceed with consideration of his complaint from 2018 onwards and this where my decision is focussed.

The lending decisions

Lloyds increased Mr H's limit in May 2022 from £1,500 to £2,000 and in June 2022 from £2,000 to £3,000. Mr H says the limit was more than his income and caused him financial strain.

Lloyds has provided evidence of the review it carried out before agreeing the limit increase and I can see it considered Mr H's income, committed living costs and credit commitments. Based on its checks, it concluded that Mr H had sufficient income to afford both limit increases. I think Lloyds checks were reasonable.

However, as both Lloyds and Mr H have provided Mr H's bank statements from the time these lending decisions were made, I've considered these as well. From what I can see, Mr H had a steady income, and he was transferring around £700 monthly into another account where his household bills and living costs were being paid from. From what I can see, he shared the household bills with another party.

Mr H had an income of around £1,980 and he is correct that the overdraft limit was more than his income when it was increased but that on its own doesn't automatically mean it was wrong for Lloyds to lend. Lloyds has confirmed that had Mr H used his entire credit limit of £3,000, he'd be required to make a monthly payment of £250. This would have been less when the limit was £2,000. Considering Mr H's committed payment of around £700 towards his bill and his income, he had sufficient income to meet his repayments towards the overdraft within a reasonable time and have disposable income left over.

Mr H has said he had a credit card with Lloyds at the same time as well, but I don't think that on its own is enough to say Lloyds was wrong to decide to increase his credit limit. Mr H's bank statements don't show he was making large payments towards repaying credit and the results of Lloyds review at the time didn't show Mr H was in financial difficulties.

Mr H's bank statements although show he used his overdraft during the period, I can see his account generally went back to credit within a reasonable time. Mr H appeared to have a pattern of receiving his income in the middle of the month and made several transactions don't appear to be committed living costs and towards the end of the month, he transferred money into the bill account and that was when his account went into the overdraft again. Given this, I'm not satisfied it is Mr H's committed expenses that caused him to use his overdraft but likely his choice to spend his money in other ways. This is something he is entitled to do.

Mr H's bill account statements which he has provided show his account remained in credit even after the bills were paid. There're transactions into Mr H's Lloyds account from a third account in his name, this suggests Mr H had money in another account he could use as well. Mr H has also provided the statements for this third account and there's nothing that shows financial strain on that account.

I was sorry to read about Mr H's personal struggles with his health and I can imagine it would have made things more difficult for him, but he didn't tell Lloyds about this at the time, and it isn't something I think Lloyds could have been aware of from reasonable checks. Overall, I don't think Lloyds acted unfairly when it increased Mr H's credit limit in May and June 2022.

Mr H's use of the overdraft facility from 2018 onwards

I've also reviewed Mr H's use of the overdraft facility from 2018, Lloyds will know it has a duty to monitor the account. From what I can see, I don't think Mr H was reliant on the overdraft facility. At the times Mr H used the overdraft, his account was returned into credit within a reasonable time and looking at his transactions, there was nothing to suggest they were concerning like paying bills or repaying credit elsewhere. As stated above, on receipt of his income, which increased in 2024, most of Mr H's transactions weren't committed living costs but lifestyle choices. I don't think this use of the overdraft and the overall use of the account should have altered Lloyds that Mr H was struggling with credit.

There were periods when Mr H used his overdraft frequently and Lloyds has provided evidence to show it sent repeat use letters to Mr H about his overdraft use. There is no evidence to show Mr H contacted Lloyds at the time or at any other point before he made his complaint about him struggling with the overdraft facility. Although there was a frequent

use of his overdraft, I haven't seen a sustained use of the overdraft over a long period of time, as Mr H was able to bring his account back into credit within a reasonable time.

Lloyds reviewed Mr H's overdraft annually and has provided information showing its review and there weren't any concerns raised from that review either. Lloyds has also offered the contact details for its customer finance assistance team which Mr H can contact should he need help with repaying his overdraft. The specifics of the assistance Lloyds can provide will depend on Mr H's circumstances, so he will need to contact Lloyds to discuss his options.

I appreciate Mr H feels strongly about his case and that Lloyds made an unfair decision to increase his limit but having fully considered all the information provided, I don't think Lloyds has done anything wrong by making the credit available and I won't be asking it to do any more.

Has Lloyds acted unfairly in some other way?

Mr H has said Lloyds told him it would call him about his complaint, but he didn't receive a call and instead received the final response letter. Lloyds has responded to this by saying it tried to contact Mr H on two occasions by phone and as it wasn't able to reach him, it sent the letter. Lloyds has also offered an apology to Mr H for the loss of expectations on this issue. I think Lloyds has acted fairly by following up its call attempts with a letter and as it has apologised to Mr H, I won't be asking it to do anymore as I think the step it has taken is reasonable in the circumstances.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lloyds lent irresponsibly to Mr H or otherwise treated him unfairly in relation to this matter. I also haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons given above, I do not uphold Mr H's complaint or make any award against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 April 2025.

Oyetola Oduola
Ombudsman