

The complaint

Mr H has complained about two overdrafts Lloyds Bank PLC ("Lloyds") provided to him. He says both overdrafts were unaffordable, from the outset and subsequently, and this could and should have been apparent to Lloyds from the outset and subsequently.

What happened

Mr H held two current accounts with Lloyds which I will call account 1 and account 2.

- In 2015 account 1 had an overdraft limit of £1,500.
- In March 2015 Lloyds declined to increase Mr H's account 1 overdraft limit to £1,700.
- In 2017 account 1 had an overdraft limit of £1,500 with a renewal/review date of September 2017.
- In 2018 account 1 had an overdraft limit of £2,000 with a renewal/review date of June 2019.
- On 7 September 2022 account 1 was closed with an account debt of £1,951.12 being sold on to a third party on 4 November 2022.
- In June 2023 Lloyds agreed to refund £1,522.48 of interest and charges, interest and charges that had been debited to account 1 since September 2017.
- In 2014 account 2 had an overdraft limit of £500.
- In December 2014 Lloyds declined to increase Mr H's account 2 overdraft limit to £800.
- In February 2017 account 2 had an overdraft limit of £500 with a renewal/review date of October 2017.
- On 2 September 2022 account 2 was closed with an account debt of £494.27 being sold on to a third party on 4 November 2022.
- In June 2023 Lloyds agreed to refund £64.00 of interest and charges, interest and charges that had been debited to account 2 since October 2017.

Mr H complained to our service that Lloyds should have to refund him account interest and charges debited from the date each account was opened and not just from September 2017 (account 1) and October 2017 (account 2).

In February 2025 I issued a (jurisdiction) decision on this complaint. In summary I concluded that we didn't have the jurisdiction to consider Mr H's complaint about being provided with overdrafts on account 1 and 2 (and being debited interest and charges in respect of them) before June 2017 on the grounds of time, but we could consider his complaint about being provided with overdrafts (and being debited interest and charges in respect of them) on and after June 2017.

Mr H responded to my (jurisdiction) decision to explain his current personal and financial circumstances and to "*urge [me] to reassess whether exceptional circumstances apply in [his] case.*" He also asked me to consider his submission to our service dated 22 January 2025.

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.

The first thing for me to say is that having considered Mr H's response to my (jurisdiction) decision and his submission dated 22 January 2025, which together with his submission dated 24 February 2024 I had already considered very carefully, I can confirm that I remain of the view that I only have the jurisdiction to consider Mr H's complaint about being provided with overdrafts (and being debited interest and charges in respect of them) on and after June 2017, not before.

So with the above in mind I will now go on to consider whether Mr H's complaint about being provided with overdrafts on account 1 and 2 (and being debited interest and charges in respect of them) on and after June 2017 should be upheld and if it should, what Lloyds should have to do to fairly and reasonably compensate him, if anything.

In June 2017 Mr H had an overdraft of £1,500 on account 1 and an overdraft of £500 on account 2. Because I'm satisfied that I've no jurisdiction to consider the granting of these two overdrafts, because they were granted before June 2017, I make no finding (nor am I able to) on whether these were responsibly granted by Lloyds and affordable for Mr H. In other words I make no finding (nor am I able to) on whether in granting these two overdrafts Lloyds acted unfairly.

However, although I make no finding (nor am I able to) on whether Lloyds acted unfairly in granting these two overdrafts, it did commit to reviewing the overdraft on account 1 in September 2017 and on account 2 in October 2017.

Lloyds has accepted that it ought to have realised that Mr H's overdraft on account 1 had become unsustainable for him in September 2017 and unsustainable for him on account 2 in October 2017 and that it failed to act fairly and reasonably towards Mr H by allowing him to continue using both overdrafts after these two dates.

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. And in an ideal world, we'd tell a business to put a consumer in the position they'd now be in if they hadn't continued to be given the credit facility that they were. However, that's not always possible.

So we have to look at a way of asking a business to put things right in a fair and reasonable way. And where a business 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 business to refund the interest and charges added to any credit from the point the business ought to have realised it was unsustainable. That's what Lloyds has done here, so it has done what I'd normally expect a business to do in these circumstances. As this is the case, I'm satisfied that what it has done is fair and reasonable in the circumstances of Mr H's complaint.

Finally, I've thought about whether considering this complaint more broadly as being about an unfair relationship under Section 140A of the Consumer Credit Act 1974 would lead to a different outcome. But even if it could (and should) reasonably be interpreted in that way I'm satisfied this wouldn't affect the outcome in this particular case.

So overall and having considered everything, while Lloyds ought to have realised Mr H's overdrafts had become unsustainable in 2017, what it has done to put things right is fair and reasonable in all the circumstances of this complaint. As this is the case, I'm satisfied that Lloyds hasn't treated Mr H unfairly and I'm not upholding his complaint.

My final decision

For the reasons I've explained, I'm not upholding Mr H's complaint.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 April 2025.

Peter Cook
Ombudsman