

The complaint

Mr G is unhappy with the settlement Lloyds Bank PLC offered after it upheld his complaint about irresponsible lending.

What happened

Mr G took out a loan for £25,000 over 60 months from Lloyds in January 2013. After he complained to the bank, saying the lending was unaffordable, it refunded all interest and charges he had paid, using the refund to reduce the balance.

Mr G says he wasn't working at time so he wants the outstanding balance to be written-off and compensation for the stress this debt has caused him.

Our investigator did not uphold Mr G's complaint. He said Lloyds had settled Mr G's complaint as we would expect.

Unhappy with this assessment, Mr G asked for an ombudsman's review. He said, in summary, he was unemployed and thus vulnerable at the time. He went to a branch looking for a small overdraft to help him get by, but was instead offered a £25,000 loan. Having the burden of this debt over the last 12 years has caused him significant stress. He has chronic health conditions which limit his mobility and ability to work. He is looking for the loan to be written-off and/or for compensation for the distress caused.

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.

Our approach to unaffordable/irresponsible lending complaints is set out on our website and I've followed it here.

There is limited information available given the age of the loan which is not unreasonable or surprising. So I have made my findings based on the balance of probabilities – that is, what is most likely to have happened based on the limited available evidence and the wider circumstances.

Lloyds upheld Mr G's complaint and refunded all interest and charges so I need not comment further on the lending decision as that is not in dispute.

What remains in dispute is whether Lloyds should write-off the remaining capital balance on the loan and/or pay Mr G compensation.

I don't find there are grounds to do either in this case. Mr G had the benefit of £25,000 so I find it fair he repays that capital sum. Mr G says he was vulnerable at time as he was unemployed. But the bank statements I have seen for the four months prior to his application show average monthly incomings of £4,657 (excluding a £470 rent contribution) and no

benefit payments in, so I cannot see Lloyds would have been aware of this vulnerability that Mr G references.

Mr G told this service he only wanted a small overdraft to help him get by and was pressured into taking a large loan. But Lloyds' contact records from 2013 show the loan purpose was recorded as 'home improvements'. And the bank statements for the months prior to the application show that Mr G's account was typically more than £2,000 in credit.

So in the round, based on the available evidence, I cannot say there are exceptional circumstances that mean I should deviate from this service's standard approach for putting right irresponsible lending complaints.

It follows I am not instructing Lloyds to write-off the balance or pay any additional compensation to Mr G. I was sorry to read that Mr G has mental and physical health issues and financial struggles. I hope he now has the support he needs. If not, StepChange (phone 0330 055 2198) and MIND (phone 0300 123 3393) are organisations that provide free assistance with debt management and mental health respectively.

My final decision

I am not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 June 2025.

Rebecca Connelley
Ombudsman