

The complaint

Mrs K complains that Lloyds Bank PLC have irresponsibly lent to her.

What happened

Mrs K opened a Lloyds credit card several years ago. She can't recall when this was opened, but she has managed to locate credit card statements going back to March 2002 where her credit limit was £4,000. I have set out the credit limit increases below, but as Lloyds have no information about this account, I've used the statement month to show the first time the statements show a higher credit limit:

November 2002	£4,000 to £6,000
September 2003	£6,000 to £9,000
June 2004	£9,000 to £13,500

Mrs K says that Lloyds irresponsibly lent to her. Mrs K made a complaint to Lloyds, who said she complained too late to them. Mrs K brought her complaint to our service. Lloyds agreed for us to look into the merits of her complaint.

Our investigator partially upheld Mrs K's complaint. She said that Mrs K had made cash withdrawals and incurred a late and overlimit fee prior to the credit limit being increased to £9,000, therefore Lloyds shouldn't have increased the credit limit above £6,000.

Lloyds asked for an ombudsman to review Mrs K's complaint. They said that due to the time that's passed they don't have the information they used to assess Mrs K's complaint, but this doesn't mean they didn't complete the relevant checks. Lloyds said that while cash withdrawals weren't the most financially savvy way to use a credit card, it was a service available to Mrs K and formed part of the terms and conditions.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Before agreeing to increase the credit available to Mrs K, Lloyds needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Lloyds have done and whether I'm persuaded these checks were proportionate.

Account opening and any credit limit increase(s) up to £4,000

Due to the time that's passed Lloyds do not have any information about the account opening checks and any credit limit increases. Mrs K has credit card statements starting from March 2002, but I'm unable to determine when this account was opened, and if there were any credit limit increases prior to this point.

But as Mrs K's March 2002 statement shows three transactions totalling £75.56 and her balance for her account is £75.56, she is charged no interest, and there was no repayment on this statement, it's possible the account was opened in February 2002 with a £4,000 credit limit.

Ultimately, I simply do not have sufficient evidence to conclude that Lloyds did not make a fair lending decision when they approved Mrs K's initial application, and any credit limit increases up to £4,000.

November 2002 credit limit increase - £4,000 to £6,000

I've looked at what checks Lloyds said they did when they increased Mrs K's credit limit as part of this lending decision. Again Lloyds have no information regarding this. So I can't see what their checks would have shown. So again I'm not able to say that the checks they performed prior to the credit limit increase to £6,000 were proportionate or not, or whether they made a fair lending decision here.

Lloyds aren't automatically required to request evidence of tax returns or bank statements as part of lending decisions, I can't fairly say they should have asked for either of these things before approving the credit limit increase.

Mrs K's credit file wouldn't be available from 2002, (which is understandable given how long has passed), so I'm unable to say what the checks Lloyds would have likely made would have shown.

But Lloyds would have been able to see how Mrs K operated her Lloyds credit card since the last lending decision. I'd like to thank Mrs K for providing us with a lot of her Lloyds credit card statements. Looking at these, from the information she's sent us I can't see any instances of her exceeding her credit limit or incurring a late fee prior to the credit limit being increased. Mrs K occasionally made repayments which were higher than her minimum requested repayment.

Mrs K did incur cash advance fees, but I need to be mindful that withdrawing cash is a legitimate use of the account, and I'm not persuaded the number of times she did this was excessive. Ultimately, I simply do not have sufficient evidence to conclude that Lloyds did not make a fair lending decision when they approved Mrs K's credit limit increase to £6,000.

September 2003 credit limit increase - £6,000 to £9,000

Lloyds don't have any information about this lending decision due to the time that's passed. So again I'm not able to say that the checks they performed prior to the credit limit increase to £9,000 were proportionate or not, or whether they made a fair lending decision here.

Although Mrs K has provided her tax return for her business year ending 2003, I can't say that it would have been proportionate for Lloyds to request this. It also appears from what Mrs K sent us from her accountant, that this tax return was part of the correspondence they sent her dated 15 January 2004, therefore this date was after this lending decision, so it may have not been produced prior to this lending decision even though the company year-end

was in June 2003.

And as I've previously mentioned, Lloyds aren't automatically required to request evidence of tax returns or bank statements as part of lending decisions, so I can't fairly say they should have asked for either of these things before approving the credit limit increase. In addition, her credit file would now be unavailable from 2003.

But Lloyds would have been able to see how Mrs K operated her Lloyds credit card since the last lending decision. Looking at Mrs K's credit card statements I can see she made cash withdrawals totalling £1,200 shortly after the credit limit was increased. So I would expect Lloyds to question Mrs K regarding this. The statements appear to show Mrs K withdrawing cash from a Lloyds branch, therefore she would have had an interaction with a cashier prior to her being given the cash.

Mrs K has told us she used the cash to buy stock for her business, therefore if the cashier would have asked Mrs K what the cash withdrawal was for, then it's likely Mrs K would have told the cashier the same thing. Although Mrs K made some cash withdrawals after this, it is a legitimate use of the account, so I can't fairly say that this alone should be a reason why Lloyds shouldn't have increased the credit limit.

I can see that Mrs K's June 2003 statement shows she exceeded her credit limit by £120.19. This appears because she missed her payment for this month and the late charge, interest and cardholder protection plan payment took her over her credit limit.

While the late payment (and the effect of missing the payment resulting in the credit limit being exceeded) could be a sign of financial difficulty, it appears that this was a genuine oversight from Mrs K here.

I say this as Mrs K's following statement shows she has had an account adjustment for the same value as the late payment fee, which would suggest Mrs K had contacted Lloyds to explain that this was an oversight and for the fee to be refunded. The statement also shows that Mrs K made a repayment of £119 on 9 June 2003, shortly after her previous statement had been produced, so it appears that Mrs K just made the payment slightly late. In the same statement period she made another repayment of £221.

Mrs K occasionally made repayments which were higher than her minimum requested repayment including repayments totalling £5,100 showing on her January 2003 credit card statement. Ultimately, I simply do not have sufficient evidence to conclude that Lloyds did not make a fair lending decision when they approved Mrs K's credit limit increase to £9,000.

June 2004 credit limit increase - £9,000 to £13,500

As this lending decision was over 20 years ago, Lloyds have no information regarding this. So I can't see what their checks would have shown. Therefore I'm not able to say that the checks they performed prior to the credit limit increase to £13,500 were proportionate or not, or whether they made a fair lending decision here.

Although Mrs K has provided some of her tax return for 2004-2005, I can't say that it would have been proportionate for Lloyds to request this. I also note that at the time of the checks for the lending decision, the new tax year would have just started, and it's possible that the information for the 2003-2004 tax year wouldn't have been produced yet, depending on when her accountant (or Mrs K submitted this). I also note that Mrs K's end of her business year appears to be on 30 June 2004 (based on the 30 June 2003 accounts she sent us), which was before this credit limit increase, so this information wouldn't have been available at the time.

But I've previously mentioned, Lloyds aren't automatically required to request evidence of tax returns or bank statements as part of lending decisions, so I can't fairly say they should have asked for either of these things before approving the credit limit increase.

Mrs K's credit file wouldn't be available from 2004, (which is understandable given how long has passed), so I'm unable to say what the checks Lloyds would have likely made would have shown.

But Lloyds would have been able to see how Mrs K operated her Lloyds credit card since the last lending decision. Looking at Mrs K's credit card statements I can see she made further cash withdrawals after her last credit limit increase. So I would expect Lloyds to question Mrs K regarding this. The statements appear to show Mrs K withdrawing large amounts of cash from a Lloyds branch, therefore she would have had an interaction with a cashier prior to her being given the cash.

Mrs K has told us she used the cash for business purposes, therefore if the cashier would have asked Mrs K what the cash withdrawals were for, then it's likely Mrs K would have told the cashier the same thing. Cash withdrawals are a legitimate use of the account, so I can't fairly say that this alone should be a reason why Lloyds shouldn't have increased the credit limit, especially as it doesn't appear she used the cash to pay for other debt or priority bills.

I can see that Mrs K's December 2003 statement shows she incurred a late payment charge. This appears because her November 2003 statement showed the previous statement balance was £8,968.04, and Mrs K has told us she used money from a personal loan to repay £8,968.04 on 14 October 2003. So it's probable that because she repaid the account balance that she may not have realised there was still a payment to be made to account for interest charged on the account (and her card protection plan). Mrs K does then make repayments to her account on 8 December 2003 and 2 January 2004.

At times Mrs K makes repayments which were a lot higher than her minimum requested repayment, such as the aforementioned £8,968.04 payment on 14 October 2003. But she also made a repayment of £4,000 on 3 February 2004. It would also appear that she made a repayment of £3,000+ on 29 April 2004, based on her previous statement showing an outstanding balance of £6,000+ and the following statement showing an account balance of £2,995.90.

Prior to the credit limit being increased to £13,500, Mrs K's previous statement balance had been less than £3,000, so she had been using less than a third of her previous credit limit. So it didn't appear she was hungry for credit with the Lloyds credit card at that time.

I do note that Mrs K had financial difficulty after the credit limit was increased to £13,500, as she incurred a late fee on the statement when the credit limit had been increased to £13,500 (although I also note she made repayments on the statement dated 9 September 2004 showing repayments of £200 on 10 August 2004, and £322 on 3 September 2004).

Mrs K also exceeded her credit limit from October 2004, but I can't say this would have been foreseeable to Lloyds based on how she had managed the account prior to the £13,500 credit limit being approved. She had exceeded her credit limit once prior to this point and as I've mentioned previously it appears this was an oversight, and was rectified in a timely manner.

Ultimately, I simply do not have sufficient evidence to conclude that Lloyds did not make a fair lending decision when they approved Mrs K's credit limit increase to £13,500.

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 can't conclude that Lloyds lent irresponsibly to Mrs K or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. So it follows I don't intend to ask Lloyds to do anything further."

I invited both parties to let me have any further submissions before I reached a final decision. Lloyds did not respond to the provisional decision. Mrs K did not accept the provisional decision. She made a number of points. In summary, she said her complaint was made about five debts which were parallel to her complaint about the credit card, she said payments were made by taking money from her business account, and they were from her turnover not profit.

Mrs K said that when she made a £8,000 plus payment on the credit card this came from the remortgage on her property. Mrs K set out her personal circumstances regarding her lending from Lloyds.

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.

I must make Mrs K aware that I am familiar to the background to her complaint as I read everything she's told us about her circumstances. I have not gone into detail about her personal circumstances in this complaint to protect her identity. But I can assure her I've read everything she's told us.

Although Mrs K has said her complaint was about numerous lending decisions from Lloyds, this decision solely focuses on her credit card complaint. Each lending decision needs to be looked at on its own merits, as proportionate checks should be completed for each lending decision, irrespective of product. So where she's mentioned repayments from a remortgage, secured lending would be assessed separately to the credit card limit increases. Mrs K will receive separate communications for the other products she's complained about in due course if she hasn't received them yet.

I've considered what Mrs K has said about payments to the Lloyds credit card being paid from her turnover, not her profit. But as Mrs K was at times paying for stock with her credit card (or cash from her credit card) then stock would typically not be paid from profit, as this would be a business expense. So I'm not persuaded this on its own results in Lloyds making an unfair lending decision to increase the credit limit for Mrs K.

Ultimately, I simply do not have sufficient evidence to conclude that Lloyds did not make fair lending decisions when they approved Mrs K's credit limit at each lending decision for the credit card.

In summary, Mrs K's response hasn't changed my view and my final decision and reasoning remains the same as in my provisional decision. If Mrs K is disappointed, I hope she understands my reasons.

My final decision

I do not uphold this complaint.

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

Gregory Sloanes
Ombudsman