

The complaint

Miss D complains that Lloyds Bank PLC irresponsibly gave her an overdraft facility on her three current accounts.

What happened

Miss D has three current accounts with Lloyds. In 2019, she applied for overdrafts on all three accounts. These were initially £50 limits on each account. Between 2019 and 2024, Miss D periodically applied for small increases and decreases to each of the overdraft limits. The largest limit on account 1 was £900 in May 2023, for account 2 it was £250 in August 2020 and for account 3 it was £200 in April 2020.

In 2024, Miss D complained to Lloyds about her historic overdraft borrowing. She said that it had been irresponsible to lend to her as she couldn't afford the borrowing. Miss D had held overdrafts on her accounts prior to 2018 which had subsequently been paid off and as that was more than six years ago Lloyds said she had complained about those overdrafts too late. It didn't uphold her complaint in relation to the overdrafts granted from 2019 onwards as it was of the view it had lent responsibly.

I sent Miss D and Lloyds my provisional decision on 7 July 2025. I explained why I didn't think the complaint should be upheld. I said:

Miss D appears to have accepted that our service doesn't have jurisdiction to consider her complaints about the earlier overdrafts which were paid off prior to 2018. For completeness, like the investigator, I'm satisfied our rules don't permit me to consider Miss D's complaint about those lending decisions because she has referred them too late. I've therefore only considered the lending decisions from 2019 onwards.

Prior to granting credit to Miss D, Lloyds was required to carry out checks to satisfy itself that the lending would be affordable to her. The relevant rules and guidance at the time didn't prescribe a set list of checks a lender had to complete for each lending decision. Instead, it required Lloyds to carry out proportionate checks based on the unique circumstances of each lending decision. To decide what would be proportionate for each lending decision, Lloyds needed to take into consideration things such as (but not limited to): the amount being borrowed, the type of credit, the cost of borrowing and Miss D's circumstances.

Prior to each overdraft application, Lloyds says it completed a credit check and asked Miss D to provide her income and her housing costs. Lloyds says that these checks did not reveal any affordability concerns for any of the overdraft limits or limit increases it provided to Miss D from 2019 onwards.

I've seen the results of Lloyds checks and I note that for the very first check it did in May 2019, it appears to indicate that the results returned a negative monthly disposable income figure of around £20 for Miss D. In other words, Lloyds own checks revealed that Miss D was already overindebted before any overdraft facility

was in place.

However, I note the result of these checks was based on estimates Lloyds had made about Miss D's living costs, further, it seems the figure for her unsecured credit commitments was likely to be incorrect. I say this because her bank statements from the time don't indicate her credit commitments to have been anywhere near the figure Lloyds' checks were showing. Further, the figure showing for Miss D's unsecured credit commitments was around half that figure consistently in the months and years that followed. I'm therefore persuaded it was likely to be an error.

In any event, Lloyds could see how Miss D was managing her finances because it had sight of her three current accounts where all of her income and expenditure appeared to be visible. Given the concerns around affordability Lloyds' automated checks showed, I think it would have been reasonable and proportionate for Lloyds to have reviewed what it actually knew about Miss D's finances as it had access to her accounts.

Having reviewed Miss D's bank statements from 2019, I've not seen anything to make me think that granting her a £50 overdraft facility on all three accounts would have been irresponsible. She had a steady income which appeared to be more than sufficient to meet her committed monthly expenditure with enough left over to service a modest overdraft if required. I therefore don't think Lloyds acted unfairly in granting her the overdraft facilities in 2019.

Between 2019 and 2024, Miss D regularly applied to have the overdraft decreased as well as increased. An overdraft is a borrowing facility intended for short term use. It appears this is exactly how Miss D did utilise it. I've not seen anything in her use of the overdrafts that would indicate she was reliant on the facility or was unable to repay it within a reasonable period of time. I've also not seen anything to make me think Lloyds ought to have been concerned about her potentially being in financial difficulties.

By the end of 2020, all three accounts had their overdrafts paid off and the facilities had been removed by Miss D's request. The maximum combined overdraft limit across all three accounts in 2020 at any one time was £600. From reviewing Miss D's bank statements and from what other information appeared to be available to Lloyds, I've not seen anything to indicate this level of overdraft borrowing was unaffordable or unsustainable for her at that time. The accounts regularly went back into credit by a substantial amount and Miss D frequently reduced her limits as and when she no longer required a larger amount of borrowing.

After the overdrafts were removed in 2020, accounts 2 and 3 only had overdraft limits for a very short time in 2021 before returning to zero again. No further borrowing has taken place on those accounts. Those limits in 2021 reached a maximum of £180 on account 2 and £150 on account 3. I've not seen anything to persuade me these additional modest limits that were only available to her for a short period of time were unaffordable or unsustainable.

The overdraft for account 1 started again at £50 in April 2021. It was increased to £150 and was at £300 by the time the overdrafts on accounts 2 and 3 were paid off and removed. I've not seen anything to indicate this level of borrowing was unaffordable or unsustainable for Miss D at this time. I don't consider Lloyds acted unfairly or unreasonably in lending to her at this time.

For account 1, there were a series of small overdraft limit increases (as well as some

decreases) until the limit reached £750 in April 2023. The limit was then increased to £900 for one month before being decreased to £200 and then being removed altogether the next month. Miss D then later applied for an overdraft again at the end of 2023 but the limit remained below £500 until the point of her complaint to Lloyds.

I've seen that Miss D's income remained broadly the same throughout this time at around £1,600 per month. Her essential bills and credit commitments (excluding the overdraft) fluctuated a little but were broadly similar each month at around £1,150. The only change to this was receipt of a large lump sum of over £10,000 which facilitated the removal of her £900 overdraft.

While Miss D was utilising her overdraft more frequently during 2022 and 2023 and the limit was increasing by small amounts, I haven't seen anything to persuade me she couldn't afford to repay the overdraft in a reasonable amount of time out of her regular income. From what I've seen, I don't think Lloyds' checks revealed any affordability concerns during this time either and even if it had done more – for example by manually reviewing her account activity – I don't think this ought to have revealed any concerns which would have made it reach a different lending decision.

Miss D was regularly coming out of her overdraft facility each month by a substantial amount and appeared to have sufficient disposable income to be able to service the limit. I note that in 2023 she even opened a savings account with Lloyds which had several hundred pounds in on a regular basis. While she may have chosen to direct her disposable income elsewhere, that doesn't mean Lloyds acted unfairly in providing credit to her that appeared to be affordable. From everything I've seen I'm not persuaded Lloyds made an unfair lending decision when it granted overdraft facilities to Miss D.

Lloyds accepted my provisional decision and had nothing further to add. Miss D didn't respond.

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.

As neither Miss D or Lloyds have provided any further evidence or comments in response to my provisional decision, I've seen no reason to reach any different conclusion. I'm therefore satisfied, for the reasons I've given in my provisional decision, that Lloyds didn't make an unfair lending decision when it granted Miss D with overdraft facilities.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 25 August 2025.

Tero Hiltunen
Ombudsman