

The complaint

Mrs C complains that Lloyds Bank Plc (Lloyds) didn't sufficiently check she could afford a credit card, a subsequent credit limit increase and balance transfers when they agreed to lend to her.

What happened

In December 2013 Mrs C applied for a credit card account with Lloyds. Her application was successful, and Lloyds issued her with a credit card with a credit limit of £6,400. In April 2014 Lloyds said they increased Mrs C's credit limit to £8,400 after she requested an increase to allow for a balance transfer. Mrs C's credit limit was later decreased to £7,800. In April 2021 Mrs C transferred balances from two of her other credit cards to her Lloyds credit card using a promotional balance transfer offer of 0% interest. Mrs C complained to Lloyds saying they hadn't carried out sufficient checks around the affordability of the lending and this had caused her account to be defaulted and sold on for debt collection.

Lloyds said Mrs C had opened the account to use a promotional 0% interest offer for balance transfers. They said she completed the transfers and managed her account well clearing the outstanding balances on several occasions. In April 2021 Mrs C asked to make further balance transfers, Lloyds said their affordability checks showed no foreseeable changes, and all their lending criteria was met.

Mrs C wasn't happy with Lloyd's response and referred her complaint to us.

Our investigator didn't uphold Mrs C's complaint as on balance they couldn't say Lloyds had acted irresponsibly in lending to Mrs C.

Mrs C didn't agree and asked for an ombudsman to decide.

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.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities - in other words, what I consider is most likely to have happened considering the available evidence and the wider circumstances. Having done so I'm not upholding Mrs C's complaint, I'll explain why.

Given the time that has elapsed, over a decade since the account was first opened and subsequent credit limit increase, the information available is limited. Lloyds has little evidence of the checks they said they did to ensure that Mrs C would be able to repay the credit in a sustainable manner. But said that they would have used information from her application and credit reference agencies (CRA) to help determine the state of Mrs C's finances. For the subsequent credit limit increase they also could show how Mrs C managed her account.

I don't draw any adverse conclusions from Lloyd's inability to provide me with the results of their checks. But without that information it would be difficult to fairly conclude that the checks they did were proportionate. And there is conflicting information about Mrs C's income. Where we don't consider checks were proportionate, we'd look to gather evidence to be able to understand what Mrs C's financial situation was at the time of the lending.

As the information Lloyds has is limited our investigator sought details from Mrs C of her bank statements and credit file. Mrs C hasn't provided the bank statements for the relevant period; we'd consider the three months prior to each lending event. But Mrs C has provided her credit report, which was created in April 2025, which shows limited information for around the time of the lending, and a wage slip for December 2013 showing her annual salary to be around £39,000.

What's important to note is that Mrs C was provided with a revolving credit facility rather than a loan. And this means that Lloyds were required to understand whether an initial credit limit of £6,400 could be repaid within a reasonable period, rather than in one go. A credit limit of £6,400 required payments of approximately £320 a month to clear the full amount owed within a reasonable period. And for the credit limit increase of £2,000 to £8,400 Lloyds would have been required to understand whether Mrs C could sustain the repayments for the additional lending amount, which I'd consider to be a further £100 a month.

I've reviewed Mrs C's credit file which shows at the time of the initial credit card opening she'd a mortgage of £1,012 a month, several current accounts and several credit cards showing the repayment history from 2021. From this I can't see any signs of financial vulnerability until payments are missed in 2024. I can also see that Mrs C had several settled credit cards accounts as well.

Lloyds have provided Mrs C's credit card statements from account opening and I can see Mrs C utilised the card for its promotional offer of 0% interest on balance and money transfers. I can't see Mrs C used the credit card for anything other than the 0% interest offers, and that she settled the balances before interest would be applied until March 2022. As Mrs C would be transferring debt from other credit cards where she would be charged a higher interest rate, by utilising the Lloyds 0% interest offer this should have put her in a better financial position. From notes provided by Lloyds I can see reminders were sent to Mrs C when the period of any of the promotional offers were ending.

Mrs C used the 0% interest offer on balance transfers several times for a variety of her other credit cards, settling the outstanding balance on her credit card to zero before the balances became interest bearing on several occasions. And I can see from April 2020 Mrs C had settled her outstanding balances. It was in April 2021 that she used another 0% promotional offer when she made balance transfers from two of her interest bearing credit cards for £2,122 and £5,132 which attracted respective balance transfer fees of £63.86 and £153.62. Mrs C's pattern of payments towards her account continued, generally making the minimum payments required. But I can see from March 2022 statements that Mrs C began to use her credit card for interest bearing transactions.

From the limited evidence I have I can't say Lloyd acted unfairly in agreeing to lend to Mrs C. She has shown she had a regular annual salary of around £39,000. I can also see from her credit file that she took out a mortgage in July 2013, a few months before her application for her Lloyds credit card in December 2013. The affordability checks for a mortgage are generally of a high standard. As this lending was considered affordable, I've not reason to doubt Lloyd's affordability assessment would have shown the same for her credit card application. Mrs C settled this mortgage account around May 2019 when she took out another mortgage for around £290,000 from April 2019. Neither mortgage account shows any financial vulnerability as both accounts were well managed with no missed payments.

From Mrs C's credit card statements, I can see she used the account to manage other higher interest-bearing accounts. She managed her Lloyds credit card account well settling the balances before they became interest bearing. I haven't seen any evidence when Lloyds increased Mrs C's credit limit to £8,400 that the lending wasn't sustainable for her. Her credit card account showed no missed payments, and the increase was requested by Mrs C for her to further utilise the 0% interest offers, a balance transfer from one of her interest-bearing credit card accounts was made for £1,534.49 plus a balance transfer fee of £172.

Mrs C has said her circumstances changed around May 2014, but I can't see she missed any of her credit card repayments. And in April, June and July 2015 she paid several large payments to settle her outstanding balance before the balances accrued any interest. And in April 2021 she again used the credit limit she had to transfer balances from higher interest-bearing accounts.

While I empathise with the position Mrs C finds herself in, for me to say Lloyds must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else. I haven't seen any evidence to show the lending was unaffordable for her, or that she couldn't sustain the repayments.

I've also considered whether Lloyds acted unfairly or unreasonably in some other way given what Mrs C has complained about, including whether their relationship with her might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given, I don't think Lloyds lent irresponsibly to Mrs C or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of the complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 13 October 2025.

Anne Scarr
Ombudsman