

The complaint

Mr J complains that Lloyds Bank PLC irresponsibly lent to him.

What happened

Mr J was approved for a second credit card by Lloyds in September 2019, with a £7,000 credit limit. The credit limit was immediately increased via a credit limit swap with his first Lloyds credit card, resulting in his credit balance on the new credit card being £10,500. Mr J says that Lloyds irresponsibly lent to him, and he made a complaint to Lloyds.

Lloyds upheld Mr J's complaint, but as Mr J wanted the outstanding balance to be written off, he brought his complaint to our service. Our investigator said that Lloyds' redress was fair. Mr J asked for an ombudsman to review his complaint. He made a number of points. In summary, he said Lloyds shouldn't have approved the second credit card as he had very little income, a County Court Judgement (CCJ), they allowed him to take on further debt, which despite the 0% interest rate caused him severe financial hardship, stress and damage to his credit file.

Mr J said that redress should include reducing or writing off the outstanding balance, which stems from Lloyds' failure to act responsibly, and he believed Lloyds conduct was unfair under Section 140A of the Consumer Credit Act 1974.

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 both parties agree that the lending was irresponsible, then I won't interfere with this. Instead, I will consider if the redress is fair. Lloyds have acted in line with how I would normally expect them to act when an irresponsible lending complaint is upheld. And that is to ensure that Mr J pays no interest, charges, etc, and once the balance is repaid they will amend his credit file.

I have looked at the checks Lloyds completed to see if the debt should be reduced or written off. There was CCJ's and defaults showing on the checks. It may help to explain here that, while information like a default or a CCJ on someone's credit file may often mean they're not granted further credit – it doesn't automatically mean that a lender won't offer borrowing.

Mr J told Lloyds he earned £1,666 a month. It's not clear why Mr J declared he earned £1,666 a month if he wasn't earning/going to be earning this. Mr J told Lloyds he was self employed, and he had been for 27 years and 8 months at the time he completed his application. And it wouldn't be unusual for self employment income to fluctuate.

The only monthly outgoings that Mr J told Lloyds about was £100 for housing costs and £100 for monthly commitments. As Mr J told Lloyds he was self employed, earning £1,666 a month, it's feasible he could have had a business bank account elsewhere which Lloyds weren't aware of, but he chose to reduce his savings balance instead to fund his limited

outgoings from his Lloyds bank account.

The CRA told Lloyds that Mr J had no accounts in arrears at the time of the checks, and he didn't have any accounts in arrears for the six months prior to the checks.

I've also viewed the different types of accounts that Mr J held with Lloyds leading up to this lending decision. One of Mr J's savings accounts had over £22,000 in it the week prior to the second credit card being approved. So I can't fairly say that Lloyds would have reason to believe that there was enough information to say that providing funds to Mr J was so clearly unsustainable that there was no realistic prospect of him paying back what he was lent.

I've also viewed Lloyds' system notes prior to the second credit card being opened. There are no notes of any vulnerabilities Mr J may have, so if Mr J did not inform them of any vulnerabilities, the credit file checks, and his current level of savings at the time would not automatically give rise to the fact he may have been vulnerable at the time of the checks.

So I'm not persuaded that it would be fair in this instance for Lloyds to write off any of the debt that Mr J owes despite what he's told us about his current financial hardship or the stress he's had, as the redress Lloyds has provided is in line with what I would expect them to do based on them upholding his complaint.

But that's not to say I'm not empathetic to Mr J's current situation. If Mr J is struggling to currently make repayments to reduce the outstanding balance, then he may wish to contact the owners of the debt to see if they can set up an affordable repayment plan for him.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress Lloyds have already suggested results in fair compensation for Mr J in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 December 2025.

Gregory Sloanes
Ombudsman