DRN-5861028

The complaint

Mrs B complains that Lloyds Bank PLC was irresponsible in its lending to her.

What happened

Mrs B was provided with two loans by Lloyds.

Loan	Date	Amount	Term	Monthly repayments
1	December 2016	£24,025	84 months	£401.44
2	March 2019	£8,000	84 months	£149.40

Mrs B explained that she was contacted by Lloyds in December 2016 about being eligible for a personal loan and was told it would be better for her and could be put through as a debt consolidation loan. In March 2019, Mrs B said that Lloyds contacted her again about being eligible for another loan and said this wouldn't be a consolidation loan but would still be affordable for her. She said that while she was hesitant about taking on the debt, she agreed to the loans.

Mrs B said that the loans weren't affordable, and she explained that in 2020 she lost her job and was unable to make her repayments. Mrs B explained that she was pressured into taking out the loans and that they have put her under a lot of financial strain. She doesn't believe that adequate checks were carried out before the loans were provided.

Lloyds issued a final response to Mrs B's complaint dated 10 February 2025. It upheld Mrs B's complaint about the second loan provided in March 2019. It issued a refund of the interest and charges for this account and said that Mrs B's credit file would be updated once the loan had been repaid. Regarding the first loan issued in December 2016, it didn't agree that this was provided irresponsibly. It said that it carried out affordability and credit checks before the loan was issued and noted that the loan was provided to refinance other debt and that it put Mrs B in a better financial position.

Our investigator explained that Lloyds had been unable to provide a copy of the credit check it completed at the time the first loan was assessed and so she said she wasn't able to say if proportionate checks had taken place. She noted a recent credit report had been provided but this didn't show Mrs B's debts at the time. Therefore, she looked through other data submitted including Mrs B's bank account statements for the months leading up to the 2016 loan. She found that based on this information the loan appeared affordable for Mrs B. She further noted the intended purpose of the loan was debt consolidation which she thought would have improved Mrs B's financial position.

Regarding the second loan, our investigator noted that Lloyds had upheld Mrs B's complaint in respect to this, but that Mrs B wasn't happy with the outcome. She explained what we would normally expect to happen when a loan was found to be irresponsibly lent and thought in this case the actions taken by Lloyds in regard to this loan were reasonable and in line with our usual approach.

Mrs B didn't accept our investigator's view. She said she was pressured into the loans and should never have been given the credit. She said the view relied on Lloyds' notes to support the case rather than an actual credit report and income and expenditure assessment from the time which she said were not provided by Lloyds. She denied saying that her husband paid more of the mortgage than she did and said that both her and her husband's wages went into the account and household bills came out along with debt repayments. She disputed the additional income that had been included in the assessment and said she only had one employment at the time. She said she was misadvised and even told the Lloyds staff she didn't think she would pass the credit check and shouldn't be increasing her debt.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

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 general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mrs B was provided with two loans by Lloyds. Lloyds upheld the complaint about loan two and having looked at the redress provided, I find this is reasonable and in line with the actions we would expect for a loan that is found to be irresponsibly lent. Therefore, I haven't considered this loan any further.

Mrs B was provided with the first loan in December 2016. She doesn't believe this loan should have been given and said she felt pressured into the loan and even said at the time she didn't think she should be taking on extra debt. Mrs B doesn't believe that adequate checks were undertaken before the loan was issued and feels the investigation has focused on notes provided from the time rather than proof of credit and affordability checks.

I understand the points that Mrs B has made, but I also note the loan was provided more than six years ago. So, while I appreciate it is frustrating, I accept that the information available from the time of the lending decision may not all be available. As not all information regarding the credit and affordability checks has been able to be provided, I cannot say whether the checks undertaken were proportionate. I have therefore looked through the information that is available along with the additional evidence submitted, such as Mrs B's bank statements for the months leading up to the loan application, to assess whether I find it reasonable this loan was provided.

At the time of the loan, Mrs B was recorded as being employed, married and an owner occupier. Her income in the application details was noted as £1,825 and her mortgage as £292. No other amounts were recorded for her other costs. I have looked through Lloyds' system notes from the time and these record Mrs B as having a monthly income of £1,392 and then earning extra income doing treatments of around £100 a week. They further state that Mrs B said her share of the mortgage was £292 and her husband paid £500. Mrs B has disputed this additional income and has also said the notes shouldn't be relied on. However, as these notes were recorded at the time of the loan application, I find it reasonable to accept the information they contain, alongside the other evidence that has been received.

The application details from December 2016 record the loan purpose as refinancing existing debts. The account notes from the time record the refinancing of credit card, current account and other debts and they then list several credit card account balances, a current account, loan and mail order account with balances totalling £24,025 – equivalent to the loan amount. The notes state that Mrs B was paying £838 a month for her debts before this refinance and based on the type of debts recorded, I do not find this unreasonable. This suggests that had the debts all been refinanced with this loan (with loan repayments of around £401) the refinancing would save Mrs B around £400 a month.

The loan account statement shows that £9,672 of credit card debt was settled as part of the loan proceeds and the remaining loan proceeds were paid into Mrs B's current account. This removed her overdraft of around £2,934. Mrs B then repaid some but not all of her debts. While Mrs B didn't refinance all of her debts, as this was what had been discussed at the time, I find it reasonable that Lloyds accepted she would be using the loan for that purpose.

As I do not have enough evidence to say that proportionate checks were undertaken, I have looked through Mrs B's bank account statements for the months leading up to the loan application to understand what income and expenditure checks would have likely identified. The account statements were in Mrs B's name, and she has explained that both her and her husband's salaries were paid into this account and their expenses paid from here. I can see two regular incomes – one for around £1,885 and one for around £1,392. I understand the £1,392 income to be Mrs B's. There is a dispute about the additional earnings Mrs B had but having looked through the account statements while there were some cash deposits these weren't regular and so I think it reasonable that only the regular income would be considered in an income assessment.

Expenses from the account included mortgage payments of around £793, and around £455 for other costs such as insurances, communications /media contracts, utilities and other regular expenses. There were then repayments for credit commitments which aligned with the accounts listed in the refinancing discussions. Based on the total income into the account (two salaries) which totalled around £3,278 and the total mortgage and other regular costs of around £1,248, this would leave around £2,030 for the credit commitment repayments and general living costs such as food, transport and other essentials.

If Mrs B's income alone is considered (£1,392) then I think it reasonable only a share of the costs would be deducted. While I note Mrs B's comment about her not saying she only paid £292 towards the mortgage, I think it reasonable that she would have mentioned paying a share. If 50% of the mortgage and other costs was allocated to Mrs B that would leave around £768 for her credit commitments and other general living costs. As this loan was intended to repay her existing commitments, this would mean her credit payments would be around £401 and based on this I do not find this suggested the loan to be unaffordable.

So, based on the above, I do not find I have evidence to say that the checks should have shown the loan to be unaffordable based on its intended purpose of debt consolidation.

I note Mrs B's comment that she felt pressured into taking the loan and I am sorry to hear this. However, the system notes from the time do not support this. Also, had she felt pressured at the time, she could have withdrawn from the loan within the first 14 days. There was nothing in the notes to suggest that she wasn't happy with this loan and it wasn't until her circumstances changed in 2020 that issues were recorded. Therefore, based on the evidence I have seen, I do not find I can uphold this complaint.

I’ve also considered whether Lloyds acted unfairly or unreasonably in some other way given what Mrs B has complained about, including whether its relationship with Mrs B might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I’ve already given, I don’t think Lloyds lent irresponsibly to Mrs B 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.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs B to accept or reject my decision before 23 December 2025.

Jane Archer
Ombudsman