

## **The complaint**

Mrs H complains that Lloyds Bank PLC ('Lloyds') irresponsibly granted her a credit card she couldn't afford to repay.

## **What happened**

In December 2012 Mrs H entered into an agreement with Lloyds to have access to credit by way of a credit card account. She was given an initial credit limit of £1,000. This wasn't increased, although it was reduced, to £950, in February 2018.

Lloyds said that Mrs H's complaint had been made too late under our time limit rules. This was because the account had been opened more than six years before Mrs H started her complaint. Lloyds also said Mrs H ought to have been aware that something had gone wrong when she was turned down for credit limit increases in 2016, 2017 and 2019, which was more than three years before she complained. Lloyds also referred to the level of late payment fees she'd been charged.

Our investigator agreed the complaint had been brought too late under both the six-year and three-year parts of our time limit rules, saying she ought to have been aware that Lloyds might be at least partly responsible for something going wrong by the time her limit was reduced in February 2018. And no exceptional circumstances applied.

But our investigator also thought Mrs H's complaint could be interpreted as being about an unfair credit relationship as described in Section 140A of the Consumer Credit Act 1974 (s140). And that meant the complaint would have been made in time. Having looked at the complaint on this basis, however, our investigator didn't think Lloyds had acted unfairly or unreasonably in agreeing to grant the card. And she said that Lloyds had done enough to help and support Mrs H.

As Mrs H didn't agree, her complaint has been passed to me for 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.

There are time limits for referring a complaint to the Financial Ombudsman Service. Lloyds thinks this complaint was referred to us too late because the decision to lend took place more than six years ago and Mrs H ought to have been aware that Lloyds may have done something wrong more than three years before she started her complaint. I agree.

Our investigator explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974, and why on that basis it had been referred to us in time.

Seeing as I've decided not to uphold Mrs H's complaint and given the reasons for this (which I'll go on to explain), whether Mrs H referred her complaint more than six years after the lending decision has no impact on that outcome.

And nor does the fact that I agree she ought reasonably to have known that she might have reason to make a complaint at least three years before she did so. That's because, like our investigator, I think Mrs H's complaint should be considered more broadly than just the decisions to grant her the credit, seeing as she has complained not just about the decision to lend but also the impact it had on her over the course of her relationship with Lloyds. Mrs H's complaint can reasonably be interpreted as a complaint about the fairness of her relationship with Lloyds. I acknowledge Lloyds may still not agree we can look at the complaint, but given the outcome I have reached, I don't intend to comment on this further.

In deciding what is fair and reasonable, I am required to take relevant law into account. That's because Mrs H's complaint can be reasonably interpreted as being about the fairness of her relationship with Lloyds. Relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974 ("CCA").

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Lloyds) and the debtor (Mrs H), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement.
- the way in which the creditor has exercised or enforced any of their rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given what Mrs H has complained about, I therefore need to think about whether Lloyds's decision to provide Mrs H with credit or any of its later actions created unfairness in the relationship between her and Lloyds such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mrs H's relationship with Lloyds is therefore likely to be unfair if it didn't carry out proportionate affordability checks, where doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow. I will approach the complaint on that basis.

When assessing affordability, there wasn't a set list of checks that Lloyds needed to complete, but they needed to be borrower-focused and proportionate to things like the type of lending, the cost of the lending as well as the amount, and how long Mrs H would need to maintain her repayments for.

Before opening the account, I think it likely that Lloyds gathered a reasonable amount of evidence and information from Mrs H about her ability to repay. I say this because it checked

her income and credit file. Lloyds hasn't been able to provide us with copies. And Mrs H hasn't been able to provide us with her credit file.

Given that we don't know what Lloyds saw in terms of each account being affordable, I'm not able to make a finding that its checks were reasonable and proportionate.

I think I should clarify here that to make a finding that Lloyds had acted unfairly, I need to also establish what Lloyds would have been likely to have seen had it carried out better checks. Saying that the lending checks weren't proportionate doesn't necessarily mean that the credit itself was unaffordable.

But from looking at Mrs H's bank statements the card looked to be affordable and something that she'd be able to repay sustainably. I say this given that there are no notable signs to show or suggest she might be at risk of financial difficulty and she seemed to have sufficient disposable income to use the card up to its limit if necessary.

It follows that, as I'm not persuaded that Lloyds acted unfairly, I don't think they need to do anything to put things right.

I will add here that our investigator is correct in saying that our approach to complaints about credit cards isn't the same as that applied to other products. Generally speaking, our focus will be on the lending decision or decisions that were made by the business.

I haven't seen anything else that might suggest Lloyds ought to have done more to support Mrs H than it did. I say this taking into consideration the wider history of her communications with Lloyds, including requests to increase her card limit that were turned down, as well as the reduction to her credit limit in February 2018.

It follows that I won't be making a finding that Lloyds acted unfairly or unreasonably. I don't find that Mrs H's relationship with Lloyds is currently unfair. It's not clear enough to me that Lloyds created unfairness in its relationship with Mrs H by lending to her irresponsibly. And I don't find Lloyds treated Mrs H unfairly in any other way either based on what I've seen.

I'm sorry to have to disappoint Mrs H on this occasion.

### **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 Mrs H to accept or reject my decision before 5 March 2026.

Michael Goldberg  
**Ombudsman**