

The complaint

Mr J complains that Lloyds Bank PLC (“Lloyds”) acted irresponsibly when it provided him with two separate overdraft facilities and allowed him to overuse both for a sustained period. Mr J also complains that following his complaint, Lloyds closed one of the accounts earlier than it had said it would and kept the other account open which resulted in Mr J incurring additional interest, fees and charges.

What happened

Mr J was granted an initial student overdraft facility of £500 by Lloyds in September 2019. I’ll refer to this overdraft as account one. The limit increased to £990 in September 2022.

In August 2022, Lloyds provided Mr J with a further overdraft facility on a second account with a credit limit of £1,000. I’ll refer to this second overdraft as account two and from my understanding, the limit never increased.

In April 2025 Mr J complained to Lloyds that it had been irresponsible in granting him the overdrafts and it had failed to recognise that the overdrafts weren’t affordable when it conducted its annual reviews.

On 31 July 2025 Lloyds sent Mr J a final response letter (“FRL”). Under cover of this FRL Lloyds upheld Mr J’s complaint and refunded the interest and fees he had paid from January 2023 to July 2025 for both accounts and totalling, £714.49. Lloyds also paid Mr J an additional £50 compensation for the inconvenience caused. Lloyds said it would remove Mr J’s overdraft on 29 August 2025 and invited him to contact its customer financial team if he needed to discuss his circumstances.

As Mr J believed Lloyds should have offered more compensation for the distress and inconvenience caused, he confirmed he’d like our service to investigate his concerns.

Mr J’s complaint was considered by one of our investigators who didn’t uphold it, coming to the view that Lloyds had settled Mr J’s complaint fairly. Whilst Mr J agreed with the majority of the investigator’s view, he disagreed that we had dealt with issues that had occurred since he had made his complaint and raised these further issues with Lloyds. Mr J further complained that Lloyds had closed account two before the deadline in its FRL and that account one had been allowed to remain open, incurring additional fees and charges.

On 26 August 2025 Lloyds sent Mr J a second final response letter (“FRL”). Under cover of this FRL Lloyds apologised that it had removed his overdraft facility for account two early and paid Mr J £10 for a refund of fees and £100 for the inconvenience caused.

On 25 November 2025 Lloyds sent Mr J a third final response letter (“FRL”). Under cover of this FRL Lloyds apologised that it hadn’t removed the facility from account one as it had previously agreed and refunded the fees incurred and paid a further £75 for the inconvenience caused.

Mr J didn't agree with this outcome and so his complaint has been passed to me for review and decision.

On 2 April 2026 I issued a provisional decision on this case. In summary I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've decided that Lloyds has offered fair resolutions to Mr J's complaints. I will explain why I think this below.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Why I don't think Lloyds acted fairly but doesn't need to do anything else

On balance, I consider Lloyds has dealt with Mr J's complaint points commensurate with our approach to irresponsible lending and I consider the offers it has made to settle these issues to be fair and reasonable. I say this as:

- *Lloyds recognised that it should have stepped in by January 2023 and has since refunded the interest, fees and charges incurred on both accounts from that date and paid an additional £50 in compensation for the inconvenience caused. Whilst this is commensurate to our approach to irresponsible lending complaints, we wouldn't usually recommend a further payment of compensation other than the refunding of interest, fees and charges. So I think the way Lloyds has settled this aspect of Mr J's complaint is more than fair.*
- *Lloyds apologised for removing the overdraft facility for account two early and paid Mr J a further £100 for the inconvenience. This is again commensurate with our approach and so I won't be asking Lloyds to do anything else.*
- *Lloyds admitted that it had made a mistake in not removing the overdraft facility from account one and apologised. It refunded the fees that had been subsequently incurred on that account and paid a further £75 to Mr J for the inconvenience caused. Again, this is what I would have expected Lloyds to have done and is consistent to our approach. So I won't be asking Lloyds to do anything else.*

Did Lloyds act unfairly in any other way

Mr J also complains about the amount of time Lloyds took to deal with his complaint and the fact that it should have identified patterns of gambling on his account.

As complaint handling isn't a regulated activity, I won't be commenting on this aspect of Mr J's complaint.

Mr J has confirmed he didn't let Lloyds know about any gambling issues until he made his complaint. And as our investigator pointed out, upon reviewing Mr J's accounts, he considered that the gambling transactions were not to the level that Lloyds would have considered this to be an issue. And I agree. Although I've seen gambling transactions, I wouldn't say these were excessive or sufficient enough to highlight any unusual patterns of behaviour to Lloyds.

I've also considered whether Lloyds acted unfairly or unreasonably in any other way, including whether the relationship between Mr J and Lloyds might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I think Lloyds has settled these matters commensurate with our approach to irresponsible lending complaints. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I then explained what Lloyds should do to put things right.

Lloyds accepted my provisional decision on the proviso that I slightly amend my recommendation regarding the adverse information under 'putting things right' which was reasonable and which I have now amended and which is in accordance to our approach to redress in irresponsible lending cases.

Mr J responded but didn't confirm if he accepted or rejected my provisional decision. He told us he requested a final decision because Lloyds had taken away his overdraft early, despite the compensation it had offered and he was forced to take out another loan to cover this. Mr J doesn't think I covered this aspect in my provisional decision but I disagree.

I would like to reassure Mr J that I've considered everything each party has said and provided. I'd like to direct Mr B to the part of my provisional decision where I highlight that Lloyds apologised for removing the overdraft for account two early and paid compensation which I considered commensurate with our approach. As I consider I've already covered this aspect in my provisional decision, I won't be making any further comment on this aspect.

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 I haven't got any new material evidence to consider, I can confirm that I have no reason to depart from my provisional findings (with the slight amendment as discussed) and I confirm them as final.

My final decision

My final decision is I uphold this complaint against Lloyds Bank PLC. Given the fact that Lloyd Bank PLC have already settled these matters in the way I'd expect it to have, I won't be asking it to do anything more other than:

- Remove any adverse information about the two overdrafts from January 2023 as appropriate from Mr J's credit file once any outstanding debt has been repaid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 May 2026.

Paul Hamber
Ombudsman