

Complaint

Mr N has complained about the overdraft charges Lloyds Bank PLC (“Lloyds”) applied to his current account. He’s effectively said the charges applied to his account were excessive and unfair and as he had to borrow further to repay them, they led to ongoing difficulty going forward.

Background

Mr N has and a current account with Lloyds since at least June 1996 and an overdraft on this account since at least 2011. The limit on the overdraft was £5,250.00 at this stage and remained at this amount until the overdraft was removed from the account in May 2018

In December 2025, Mr N complained to Lloyds saying that the fees applied to his account were unfair as he was given an overdraft limit which he couldn’t afford and as he had to borrow further to repay excessive fees this led to him experiencing ongoing difficulty going forward.

Lloyds didn’t uphold Mr N’s complaint. As far as it was concerned, it didn’t do anything wrong when providing the overdrafts or adding the charges that it did. Mr N remained dissatisfied at Lloyds’ response and referred his complaint to our service.

When Mr N’s complaint was referred to our service, Lloyds told us that we couldn’t consider it as it was made too late. One of our investigators reviewed what Mr N and Lloyds had told us. She reached the conclusion that we could look at the entire period Mr N had his overdraft for but thought that as Lloyds hadn’t acted unfairly in the six years prior to Mr N making his complaint, it wouldn’t be fair and reasonable to require it to compensate him.

Mr N disagreed with the investigator and asked for an ombudsman’s decision.

My findings

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

The time limits for making a complaint to our service

There are time limits for referring a complaint to the Financial Ombudsman Service. Lloyds has argued that Mr N’s complaint was made too late because he complained more than six years after the charges on the overdraft were applied, as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

The rules I must apply say that, where a business doesn’t agree, I can’t look at a complaint made more than six years after what’s been complained about, or if later, more than three years after the complainant (in this case, Mr N) knew, or should really have known they had reason to complain. Dispute Resolution rule 2.8.2R can be found online.

Mr N has complained about the charges that were applied to what, he says, was an unaffordable overdraft on his account. For the purposes of this section of the complaint, this means that Mr N had, at least, six years from when the last of the charges were applied to his account – the overdraft was repaid in May 2018 with a Lloyds loan and the overdraft removed so no more charges were applied from May 2018 - in order to complain.

Mr N didn't complain until December 2025. I'm therefore satisfied that Mr N's complaint was clearly made more than six years after the any overdraft charges were added to his account.

However, DISP 2.8.2R (2)(b) can potentially provide a consumer with longer than six years to complain, as long as they complained within three years of when they were aware, or they ought reasonably to have been aware, they had cause to. So I've considered whether DISP 2.8.2R (2)(b) provides Mr N with longer to complain here.

I want to start by saying that I think that in order for it to be the case that Mr N was aware, or he ought reasonably to have been aware of his cause for complaint, it would have to be the case that he was aware or ought reasonably to have been aware that:

- there was a problem – in this case his overdraft charges were excessive and therefore unfair;
- the overdraft charges caused him loss;
- another party's actions (or its failure to act) may have caused the loss; and
- the other party was Lloyds.

Mr N's account statements would have made him aware of the charges he is now complaining about when they were being applied. I think that in knowing about the charges themselves Mr N had enough information to decide whether he considered these charges to be excessive and whether he thought Lloyds applying them in the circumstances that it did was unfair. This is especially as Mr N has referred to the amount of time he was overdrawn as itself being a reason why it was unfair to charge him.

I also think that Mr N would have known that these charges were causing him a loss given what he has said about struggling to repay them, the resulting impact he has said this had on his financial circumstances and he had to take out a loan to repay the overdraft. Equally, as it was Lloyds that was charging Mr N, I think that he ought reasonably to have realised that Lloyds might have been responsible for his problem too.

Indeed, in my view, when Lloyds offered Mr N a loan to clear his overdraft in May 2018 – ultimately Mr N had reason to question why he hadn't been offered a similar situation much earlier. Ultimately, he had enough to question why it was he had to pay so much in overdraft fees before this solution was offered. I'm therefore satisfied that Mr N ought to have been aware of his cause to complain at the time that these charges were applied.

In reaching my conclusions, I've thought about what Mr N has said about only actually becoming aware that that Lloyds had acted unfairly when reading an article in May 2023. I accept that this may have been when Mr N attained actual awareness of the fact that other consumers were making successful overdraft complaints and this article may even have led to his eventual complaint.

However, for the reasons I've set out above, bearing in mind what Mr N has said, I'm satisfied that he knew enough to start investigating whether he'd been treated unfairly by Lloyds by May 2018 at the latest. As this is the case, I'm satisfied that he knew enough to start investigating whether he had ground to complain at this stage. And I can't say that his time limit started later simply because he chose to read an article a number of years later, instead of starting to investigate whether he had ground for a complaint in May 2018.

Indeed, the reason why a complainant has three years under DISP 2.8.2 (2)(b), should it apply to them, is because they will likely need to investigate whether they should make a complaint. It isn't necessarily to give them three years from when they happen to read an article about others receiving compensation.

Three years from May 2018 does not provide Mr N with longer (than six years from when the charges were applied) to complain. So I don't think that DISP 2.8.2R (2)(b) does apply in this case and Mr N complained more than six years after the overdraft charges that were applied on his account, Mr N complained too late.

I can look at a complaint made outside of the time limit if I'm persuaded that this was because of exceptional circumstances. Mr N has said that he was caring for his mother from 2023 and a lot of his own affairs were pushed to one side as a result. I'm sorry to hear about what Mr N has told us and I've carefully considered what he has said.

However, while I've thought about what Mr N has said and do realise that he may have considered making a complaint wasn't his priority during this period, it may help for me to explain that I'm only really able to say that exceptional circumstances apply where a complainant couldn't make a complaint in time.

In this case, Mr N appears to have been able to operate his finances. As this is the case, I can't reasonably say that Mr N couldn't have complained in the time limit had he wished to do so and in these circumstances, I don't think that exceptional circumstances do apply in this case. Therefore, I'm satisfied that Mr N's complaint was made out of time.

Section 140A of the Consumer Credit Act 1974 and its relevance to this complaint

While Mr N complained outside of our usual time limit rules, our investigator explained why it was reasonable to interpret Mr N's complaint as being one alleging that the lending relationship between Mr N and Lloyds was unfair to Mr N as described in s140A of the Consumer Credit Act 1974 ("CCA"). The investigator also explained why this complaint about an allegedly unfair lending relationship had been made in time.

For the sake of completeness, I wish to confirm that I'm in agreement with the investigator that Mr N's complaint should be considered more broadly than just the individual charges or lending decision. I consider this to be the case as Mr N has not only complained about the circumstances behind the application of the individual charges, but also the fact Lloyds' failure to act during the periods he alleges it was applying these excessive and unfair charges caused ongoing hardship, which resulted in him having to borrow further.

In deciding what is fair and reasonable in all the circumstances of Mr N's case, I am required to take relevant law into account. As I'm satisfied that Mr N's complaint can be reasonably interpreted as being about that his lending relationship with Lloyds was unfair to him, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Lloyds) and the debtor (Mr N), 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 his 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. As Mr N's overdraft was directly consolidated into a Lloyds loan (indeed, the loan was provided solely to repay the overdraft), I'm satisfied that the loan agreement was a related agreement as defined in S140C. This related agreement only ended in 2025 and therefore I'm satisfied that the lending relationship between Mr N and Lloyds continued until then.

S140B 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.

Application to Mr N's complaint

In May 2018, Lloyds consolidated Mr N's overdraft balance into a loan which given Mr N's complaint has solely concerned his overdraft, I assume had affordable monthly payments. Mr N's overdraft was also removed from his current account when this consolidation loan was provided.

It may help for me to explain, a lender proposing and enacting a solution of this type is one of a number of responses that could be expected from a lender where it is the case that it is aware, or it ought to be aware, that a customer is using an overdraft unsustainably. Indeed, given this loan enable Mr N to repay his overdraft in a much more sustainable way, I'm satisfied that Lloyds' actions in May 2018 were fair and reasonable in all the circumstances and this means that there is no unfairness to remedy on the account from May 2018 onwards.

Of course, it is possible that any such unfairness may have existed earlier. For example, just because Lloyds acted in May 2018 doesn't mean that it shouldn't have acted earlier than this and it is therefore possible that Lloyds applied charges in circumstances where it shouldn't have done so prior to May 2018. I know that Mr N's argument is that Lloyds should have acted sooner as it did not, prior to May 2018, the lending relationship between Lloyds and him was unfair to him.

However, just because there may have been unfairness in a debtor's relationship with a creditor doesn't automatically mean it would be fair to refund all of the interest and charges on the account from when that unfairness began.

In *Smith v Royal Bank of Scotland Plc*¹, the Supreme Court pointed out that remedies for unfair relationships are at the court's discretion and the court may deny a remedy where the claimant had knowledge of the facts relevant to their claim, but substantially delayed making that claim.

There is no fixed period of delay that brings this principle into play, but the Supreme Court approved the District Judge's comment in the case that a court would be slow to remedy unfairness in a situation where the claimant delayed more than six years after knowing the facts.

Therefore, in determining a fair and reasonable outcome to Mr N's complaint and what is fair compensation, it's important for me to take this into account as relevant law. I consider that a complainant would have knowledge of the facts that caused any unfairness when they became aware of a problem and that they were suffering a loss.

¹ *Smith and another v Royal Bank of Scotland plc* [2023] UKSC 34.

In the section of this decision relating to time limits, I've already explained why I think that Mr N had enough to know whether he considered the overdraft charges were excessive and unfair and that he ought to have questioned why he hadn't been given a consolidation loan of the type he was provided in May 2018 earlier, when he was given such a loan. I'm satisfied that this is sufficient for Mr N to had knowledge of the relevant facts about the overdraft charges he is complaining about – particularly as he really ought to have known whether or not he thought the charges were fair as and when they were applied.

However, Mr N didn't do anything about these charges until he complained in December 2025. So if there were to be a refund of overdraft interest and charges in this case, I'm satisfied that any such refund should be limited to the six-year period prior to Mr N making his complaint. However, as I've explained, Lloyds removed the overdraft from Mr N's account after it provided him with a consolidation loan in May 2018.

This means that even if I were to have found that any unfairness began earlier than May 2018 (which is six years prior to Mr N making his complaint), which may or may not be the case, I still wouldn't have required Lloyds to have compensated Mr N.

As this is the case, I don't think that it would be fair and reasonable to require Lloyds to do anything in this instance.

Overall and having considered everything, while I can understand Mr N's sentiments and appreciate why he is unhappy, I'm satisfied that it wouldn't be fair and reasonable in all the circumstances of this complaint for me to require Lloyds to pay Mr N compensation. Therefore, I'm not upholding this complaint. I appreciate this will be very disappointing for Mr N. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 23 February 2026.

Jeshen Narayanan
Ombudsman