

Complaint

Mrs P has complained that Lloyds Bank PLC (“Lloyds”) irresponsibly provided a credit card as well as subsequent credit limit increases to her. She says that the credit card and limit increases were unaffordable and caused her continued financial difficulty as she struggled to make her payments, which affected her going forward.

Background

In June 2008, Lloyds provided Mrs P with a credit card, which had an initial credit limit of £500. Lloyds then offered a number of limit increases over the years, which I’ve sent out below.

Date	Limit increased to
November 2009	£750
May 2010	£1,000.00
November 2010	£1,250.00
January 2012	£1,350.00
August 2012	£1,600.00
February 2013	£2,050.00
August 2013	£2,650.00
March 2014	£2,900.00
February 2015	£3,150.00

In April 2025, Mrs P complained saying that the credit card and the limit increases Lloyds provided were unaffordable and caused her continued financial difficulty as she struggled to make her payments which affected her going forward.

Lloyds didn’t uphold Mrs P’s complaint. Mrs P remained dissatisfied after Lloyds’ response and referred her complaint to our service.

One of our investigators reviewed what Mrs P and Lloyds had told us. He thought that he hadn’t seen enough to be persuaded that Lloyds needed to compensate Mrs P. This meant that the investigator didn’t recommend that Mrs P’s complaint be upheld.

Mrs P disagreed with the investigator’s conclusions and asked for an ombudsman to look at her complaint.

My findings

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

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Lloyds has argued that Mrs P's complaint was made too late because she complained more than six years after the decisions to provide the credit card and the credit limit increases; as well as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between her and Lloyds was unfair to her as described in s140A of the Consumer Credit Act 1974 ("CCA"). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Mrs P's complaint. Given the reasons for this, I'm satisfied that whether Mrs P's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mrs P's complaint should be considered more broadly than just those lending decisions. I consider this to be the case as Mrs P has not only complained about the respective decisions to lend but has also alleged that the repayments unfairly caused her continued financial difficulty as she struggled to make her payments which affected her going forward.

I'm therefore satisfied that Mrs P's complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Lloyds. I acknowledge Lloyds still doesn't agree we can look at Mrs P's complaint, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mrs P's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mrs P's complaint can be reasonably interpreted as being about the fairness of her relationship with Lloyds, 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 (Mrs P), 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. 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.

Given Mrs P's complaint, I therefore need to think about whether Lloyds' decision to lend to Mrs P and increase her credit limits, or its later actions resulted in the lending relationship between Mrs P and Lloyds being unfair to Mrs P, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mrs P's relationship with Lloyds is therefore likely to be unfair if it didn't carry out reasonable enquiries into Mrs P's ability to repay in circumstances where doing so would have revealed the credit card or limit increases to be irresponsible or unaffordable. And if this was the case, Lloyds didn't then remove the unfairness this created somehow.

I've considered Mrs P's complaint in this context.

Were the decisions to provide the credit card and subsequent credit limit increases unfair?

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs P's complaint.

Bearing in mind Mrs P's response to our investigator, I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion. Indeed, the requirements have not and still do not mandate a list of checks that a lender should use. Any rules, guidance and good industry practice in place over the years has simply set out the types of things that a lender could do when considering whether to lend to a prospective borrower.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was fair to the extent it allowed the lender to reasonably understand whether the borrower could make their payments.

Furthermore, if we don't think that the lender did enough to establish whether the repayments that a prospective borrower might have to make were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Lloyds' decisions to provide Mrs P with a credit card which had a credit limit of £500 in June 2008 and increase her credit limit to £750 in November 2009 and then £1,000.00 in May 2010

Lloyds says it will have initially agreed to Mrs P's application after obtaining information on her income and carried out a credit search. And the information that will have been obtained indicated that Mrs P would be able to make the monthly repayments due for this credit card. Due to Mrs P's account being relatively well managed and the information present on the credit checks it carried out, Mrs P was then subsequently offered her credit limit increases.

On the other hand, Mrs P says that the credit card and the subsequent limit increases were unaffordable and caused ongoing hardship.

I've considered what the parties have said.

What's important to note is that Mrs P was provided with a revolving credit facility rather than a loan. This means that Lloyds was required to understand whether Mrs P could repay £500, £750 and £1,000.00 within a reasonable period of time. It's fair to say that the required monthly payments in order to clear the full amount that could be owed, as a result of credit limits of £500, £750 and £1,000.00, within a reasonable period of time aren't especially high.

I understand that Lloyds will have carried out credit checks on Mrs P. However, as it has been some time since these were done, it no longer has a copy of this documentation. I appreciate Mrs P might feel that it is unreasonable for Lloyds to no longer have this information. However, Lloyds isn't required to hold such information indefinitely. And given how long it has been since Mrs P was provided with her credit card and limit increases, I've not drawn any adverse inferences due to the lack of this information.

In any event, I've not seen any indication that Mrs P had any defaulted accounts or county court judgments ("CCJ") recorded against her. Bearing in mind the low monthly repayments required to clear balances of £500, £750 and £1,000.00 within a reasonable period of time, and there aren't any obvious signs of difficulty in Mrs P's financial circumstances, I'm satisfied that it is more likely than not that Mrs P could afford this credit.

As this is the case, I'm satisfied that it wasn't unfair for Lloyds to offer Mrs P a credit card with a limit of £500 in June 2008, or to increase her credit limit to £750 in November 2009 and then £1,000.00 in May 2010. Therefore, there was no unfairness created at these stages.

Would reasonable and proportionate checks have led to Lloyds deciding against offering the remaining credit limit increases to Mrs P?

As I've explained in the background section of this decision, Lloyds went on to increase Mrs P's credit limit on a further seven occasions. Given that Mrs P could have ended up having to repay up to £3,150.00 as a result of these increases, I do think that Lloyds needed to do more to find out about Mrs P's regular living expenses.

As I can't see that Lloyds did this, I'm satisfied that it didn't carry out sufficient checks before offering the final two limit increases to Mrs P. Given this is the case, I've gone on to decide what I think it is more likely than not to have seen had it obtained further information from Mrs P. In order to do so, I've looked at the information Mrs P has provided with a view to recreating what a proportionate check is likely to have shown at these times.

To be clear, I'm not going to carry out a forensic analysis of Mrs P's bank statements and all of the information provided in order to determine whether the credit card payments that could be due, if Mrs P used all of the extra credit provided, were affordable for her. I'm simply going to consider what Lloyds is likely to have done if it had taken reasonable steps to obtain the information that I think was missing from its checks.

As I've explained, bearing in mind the circumstances here, I would have expected Lloyds to have supplemented what it would have found out about Mrs P's existing credit commitments, from the credit search it carried out, with information about Mrs P's income and her regular living expenses.

Having considered everything, I'm satisfied that the information provided does appear to show that Lloyds finding out more about Mrs P's income and regular living expenses is unlikely to have seen it reach different lending decisions. I say this because it looks like when Mrs P's discernible regular and committed living expenses are added to her credit commitments and then deducted from the funds she received, she did have enough left over in order to make sustainable repayments to credit limits of up to £3,150.00.

In reaching my conclusions, I've noted that the investigator considered that Mrs P may not have had sufficient funds left over for emergencies as a result of a couple of the limit increases. In the first instance, there is an argument for saying that the amount of the limit increases in themselves were not significant enough to warrant further checks. This is especially bearing in mind Mrs P had been making her credit card payments and Lloyds was entitled to consider her repayment record on this account as part of whether to offer these limit increases.

In any event, the investigator's assessment was based on a granular assessment of Mrs P's bank statements and even then his reason for suggesting the relevant limit increases were unaffordable is because Lloyds ought to have taken account that Mrs P might have had unforeseen expenditure which she wouldn't have been able to meet with the funds he determined she had left. However, I don't think that it is reasonable to expect Lloyds to have carried out such an assessment bearing in mind the low amount of the limit increases.

Furthermore, even if I were to say agree that such an assessment was reasonable, for the sake of completeness I wish to reiterate that I do not, the granular nature of the investigator's assessment captured all of Mrs P's expenditure. This included payments being made to Mrs P's partner which aren't clearly and obviously as a result of her committed expenditure. In these circumstances, I don't think that the amount Mrs P was deemed to have left meant that she shouldn't have been lent to, as the income and expenditure assessment included all of her expenditure not just her non-discretionary expenditure.

Therefore, while I appreciate that this will disappoint Mrs P, I've not been persuaded that proportionate checks would have shown Lloyds that it shouldn't have provided Mrs P with her final seven limit increases, or that any unfairness was created at these respective stages either.

Overall, and based on the available evidence I don't find that Mrs P's relationship with Lloyds was unfair. I've not been persuaded that Lloyds created unfairness in its relationship with Mrs P by irresponsibly lending to her whether when initially agreeing to provide her with a credit card, or in respect of the limit increases. I don't find Lloyds treated Mrs P unfairly in any other way either based on what I've seen.

So overall and having considered everything, while I can understand Mrs P's sentiments I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mrs P. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 13 April 2026.

Jeshen Narayanan

Ombudsman