

## **The complaint**

Miss M complains about how Lloyds Bank plc (Lloyds) treated her in relation to her credit card account when she found herself in persistent debt.

## **What happened**

Miss M was originally provided with a credit card with a limit of £7,000 in January 2014. That limit was increased in October 2016 to £8,000.

In September 2018 Lloyds identified that Miss M was in persistent debt. However, Miss M considered that Lloyds did not treat her fairly because it continued to charge interest and ultimately suspended her card. Miss M sought, amongst other matters, the refund of all interest, fees and charges.

Miss M's complaint was rejected by Lloyds because it considered that it had complied with its regulatory obligations and hadn't done anything wrong.

Miss M remained unhappy and brought her complaint to this service. One of our investigators reviewed matters and considered that Lloyds had not treated Miss M unfairly.

Whilst Lloyds agreed with our investigator's view, Miss M didn't. As an agreement has not been reached, the complaint has been passed to me to make 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.

I've read and considered all the information provided by both parties in reaching my decision. I say this as I'm aware that I've summarised Miss M's complaint in much less detail than she has. If I've not commented on something that either party has said, that's not because I haven't seen it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended to be a discourtesy to either party. Rather, it reflects my informal role in deciding a fair and reasonable outcome.

The rules that lenders must follow regarding persistent debt are set out by the industry regulator, the Financial Conduct Authority (FCA), in its Consumer Credit Sourcebook (CONC). Specifically, CONC 6.7.27 states that persistent debt is when a consumer has paid more in interest, fees and charges than they've repaid towards the capital they owe over the previous 18 months. Further rules set out the obligations that lenders are under to notify customers about their persistent debt situation and the timescales when these notifications should be sent.

The purpose of these rules is to try and protect customers who have been caught in a cycle of persistent debt by proposing and agreeing with them how to resolve the situation. Ultimately, a lender can suspend a credit card, but this is only as a last resort. Lloyds first identified that Miss M was experiencing difficulty in her management of the credit card

account in April 2017. It then wrote to Miss M in September 2018 highlighting that Miss M was in persistent debt and asking her to make contact so that Lloyds could assist. Miss M did not respond to this letter.

Lloyds wrote again in June 2019. It reiterated the contents of its earlier letter and highlighted that, in the absence of contact from Miss M, her card would be blocked. Again, Miss M didn't respond to this letter.

In and around March 2020 Lloyds wrote again. It voluntarily set up a four year payment plan the aim of which was to enable Miss M to pay more towards the balance, rather than the interest together with a recommended payment (as opposed to a minimum repayment). Miss M didn't respond to this correspondence.

Lloyds further wrote to Miss M in March 2023 advising her that she was off track in her repayments. Further letters were sent in March 2024 on the expiry of the four year payment plan period. It further wrote in September 2024, March 2025 and September 2025 regarding this.

In bringing her complaint to this service, Miss M has raised a number of issues.

Miss M considers that Lloyds has not complied with its obligations, specifically in relation to CONC 6.7 (referred to above) and CONC 7.3 in relation to forbearance. In relation to the former, and having reviewed the file, I'm satisfied that Lloyds has complied with its regulatory obligations as they relate to persistent debt. It notified Miss M at the requisite time about the situation relating to her account and the potential consequences of Miss M not responding to its requests. In subsequent correspondence Miss M has acknowledged that she didn't proactively contact Lloyds to declare her financial difficulty. I can't be certain whether, in making this statement, Miss M is only referring to the initial stages of her difficulties. However, I've seen no persuasive evidence that Miss M responded to any of the letters sent by Lloyds. Miss M refers to the letters as procedural steps. However, I'm satisfied that Lloyds was seeking to deal with Miss M's persistent debt issues in compliance with its regulatory obligations. In these circumstances, I can't reasonably conclude that Lloyds has acted unfairly. It was proactively seeking to invite contact from Miss M but that process was dependent upon Miss M engaging in the process which did not happen.

Miss M points out that Lloyds should have been aware that she was in financial difficulty and should have offered more effective support. She highlights the use of her overdraft for which a separate complaint was upheld by Lloyds. I understand the point Miss M makes but the existence of a separate complaint is not something that I can consider in determining whether Miss M has been treated unfairly in relation to her persistent debt. One of the purposes of the FCA rules is to place obligations on lenders to be proactive to offer support to those in financial difficulty. And, I've concluded that Lloyds complied with those rules by writing to Miss M but the correspondence was left unanswered. In these circumstances, I can't reasonably conclude that Lloyds has acted unfairly.

More broadly, Miss M considers that it was unfair of Lloyds to continue to charge her interest whilst she was in persistent debt. As I mention above, the FCA rules require lenders to take certain steps to assist customers in managing their debt by highlighting that they are paying more in interest and fees than reducing the actual balance of the account. The rules do not of themselves change the obligations that the customer has in terms of the interest and fees that continue to be chargeable on the card. However, I would encourage Miss M to contact the relevant team within Lloyds to discuss her situation and I take this opportunity to remind Lloyds of its obligations in exercising forbearance.

Therefore, whilst I know this won't be the outcome Miss M is hoping for, I don't think Lloyds acted unfairly or unreasonably when Miss M found herself in persistent debt. It follows that I'm not upholding her complaint.

Finally, I've also considered whether the relationships 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 treated Miss M 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.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 7 May 2026.

John Butler  
**Ombudsman**