

complaint

Mr A complains that Lloyds TSB Bank plc has been irresponsible by agreeing to loans and overdraft facilities.

background

Lloyds TSB agreed to loan Mr A £2,800 in July 2010 which paid off his overdraft. Then, in October 2011, the bank loaned him almost £6,000 to pay off the existing loan and the overdraft facility that Mr A had again used. Mr A's father then repaid his son's debts in December 2012. Mr A says that Lloyds TSB should have removed the overdraft facility at the same time as it offered the consolidation loans.

Our adjudicator did not recommend that the complaint should be upheld. She found that Lloyds TSB had carried out the appropriate assessments before agreeing to the loans and that it was not obliged to remove the overdraft facility.

Mr A's father, on behalf of Mr A, responded to say, in summary, that Lloyds TSB did not look at his son's financial position in enough detail before making the lending decisions and that it frequently sent him marketing literature offering more lending.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have seen the assessments that Lloyds TSB carried out at the time of the loan agreements and I am satisfied that the lending decisions were reasonable. I acknowledge that the loans paid off the overdrafts on each occasion, however, Lloyds TSB was not obliged to remove the overdraft facility and this was not a condition of the loan agreements. Indeed, although I note that the overdraft limit increased over time, this can often be done in order to reduce unauthorised overdraft charges.

It is clear from Mr A's bank statements that he received a regular income, and that by consolidating Mr A's original loan and overdraft, Lloyds TSB reduced his monthly outgoings. However, Mr A's statements also showed a high level of discretionary spend and commitments to third party debt providers and his overdraft quickly escalated again. It is clear that Mr A was struggling to manage his finances, but I cannot conclude that this was a result of irresponsible lending by Lloyds TSB.

Finally, I understand Mr A's father's frustration at the high level of marketing literature that has been sent to his son. I would encourage Mr A to contact his bank to request that all such correspondence is stopped.

my final decision

My decision is that I do not uphold this complaint.

Amanda Williams

ombudsman