

## **complaint**

Mr M complains that Lloyds Bank plc acted irresponsibly by allowing him to increase his overdraft. He also complains that Lloyds failed to refund interest and charges on his account after a debt management plan was put in place.

## **background**

In late 2013 Mr M was able to increase his overdraft from £1,000 to £3,000 following successful online applications. Mr M says that he had a gambling problem and had several payday loans coming out of his account. He says Lloyds should have seen this and shouldn't have increased his overdraft limit.

In June 2014 Mr M entered into a debt management plan. He was allowed to continue spending on his account after this. Lloyds also continued to charge interest. Mr M says that Lloyds should refund these charges.

Lloyds says Mr M passed its checks and he had regular money going into his account at the time of borrowing. It doesn't think it was wrong to lend to him, and says it declined further applications that Mr M made to borrow more. It says it didn't stop charging interest because Mr M kept using the account.

The adjudicator didn't uphold Mr M's complaint. He was satisfied that Lloyds had carried out the necessary checks and had acted in line with its terms and conditions. He also thought it was entitled to add interest.

Mr M doesn't accept this. He feels that Lloyds knew about his financial concerns before his debt management plan was put in place and it shouldn't have allowed him to continue to increase his debt. He wants a refund of interest and charges.

## **my findings**

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

Mr M has explained that he has been struggling with his financial situation for some time. I appreciate that he's in a difficult position and has taken steps through a debt management plan to address the problem.

Lloyds has a duty to lend responsibly. Before making a decision as to whether to agree to Mr M's overdraft, Lloyds had to look at whether he would be able to afford to repay the money.

Lloyds says that it would have carried out a credit check and would have taken into account Mr M's credit score. Lloyds also says that Mr M had regular payments going into his account. As a result, it was satisfied that Mr M would be in a position to repay the overdraft amount. I see no reason not to accept that, particularly given that Lloyds declined Mr M's later requests to borrow more.

I'll now deal with Mr M's complaint about Lloyds' treatment of his financial difficulties. Where a bank is aware that a customer has financial difficulties, it should respond positively and sympathetically. This doesn't automatically mean that it should take steps to suspend payments, write off debt or accept repayment proposals.

I haven't seen any information which shows that Lloyds was aware of Mr M's financial difficulty before Mr M's debt management plan was arranged. After this, Lloyds reduced some charges and fees on Mr M's account.

I note that Mr M has continued to use this account. Mr M is meeting the repayments which were negotiated as being affordable for him. As a result, I don't think it would be fair and reasonable to require Lloyds to refund charges or interest. I am satisfied that Lloyds has done what it can and treated Mr M sympathetically in the circumstances.

I remind Lloyds that it should continue to treat Mr M positively and sympathetically from now on if he's still in difficulty. Mr M or his debt management company can of course get in touch with the bank to see if it can do more to help.

### **my final decision**

My decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 November 2015.

Loucia Kyprianou  
**ombudsman**