

complaint

Mr L is unhappy as he thinks Lloyds Bank PLC has acted irresponsibly as it allowed him to increase his overdraft facility from £200 to £4,750.

background

Mr L said he made Lloyds aware of his gambling addiction in 2012 when he went into the branch to discuss his financial circumstances. Mr L said he agreed to a block being put on his account which stopped him from borrowing any more money.

In 2015 Mr L says he made Lloyds aware he was experiencing financial difficulties with his overdraft facility and surrendered his debit card. At that meeting it was agreed his account would remain without an overdraft facility and Lloyds agreed to refund bank charges. Mr L feels Lloyds should've offered him a basic account with no overdraft facility.

In May 2016 Mr L made 23 requests to increase his overdraft facility over a period of six days. The requests were made online through Mr L's internet banking. Not all requests were accepted, some were classed as 'refer'. When a request to increase an overdraft facility is classed as 'refer' the customer is asked to contact Lloyds for a further assessment. On Mr L's 13th request to increase his overdraft he received the refer message. On the 14th request to increase the overdraft facility it was accepted. Over the six days Mr L's overdraft increased from £200 to £4,750.

Lloyds said there's no evidence on file to suggest it was made aware that Mr L had a gambling addiction, and the refund of overdraft charges in 2015 was as a gesture of goodwill. It also said it assessed Mr L's requests to increase his overdraft facility against its usual lending criteria. It had considered how Mr L managed his account, the information supplied to it by credit reference agencies and information provided by Mr L.

Lloyds said it's not required to ask for proof of income for any unsecured lending, and when applications are completed online, it assumes the customer has considered how much they can afford to borrow. Lloyds said Mr L inflated his income when asking for his overdraft facility to be increased. But it offered to reduce Mr L's overdraft by £500 and asked him to contact it when he has completed an income and expenditure form.

An investigator at our service looked into Mr L's complaint but didn't recommend it be upheld. To summarise she said:

- There wasn't enough evidence to suggest Mr L had made Lloyds aware of his gambling addiction or that he had asked for a block to be put on his account to stop him requesting further borrowing.
- Lloyds was aware Mr L was experiencing problems with his overdraft facility in 2015. In the customer notes it said Lloyds had set up a plan and waived overdraft charges at this stage as a gesture of goodwill.
- On Mr L's 13th request to increase his overdraft he received the refer message. But there is no evidence to suggest Mr L did contact Lloyds after he received this. Mr L continued to increase his overdraft a further three times that day.
- These requests to increase the facility shouldn't have been authorised without further investigation. But after reviewing Mr L's income and expenditure she agreed Mr L could afford to repay the debt. So she recommended he contact Lloyds' customer

priority team to arrange an affordable repayment plan. As Lloyds had already offered to refund £500 she felt this was reasonable.

Mr L didn't agree with the investigator's opinion so the case was passed to me for a final 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.

I appreciate that Mr L has said he visited the branch in 2012 and 2015 to discuss his financial situation. And on both occasions he said he'd made Lloyds aware that he had a gambling addiction and Lloyds put a block on his account. I can't be sure what was discussed at those meetings but I've considered what Mr L and his representative have said and also considered the contact notes provided by Lloyds.

The contact notes indicate that Lloyds was aware Mr L was experiencing difficulties going overdrawn and also show that a plan was set up and overdraft charges were refunded. But if Mr L had made Lloyds aware that he had a gambling addiction, or that he had agreed to a block being put on the account, I can't see why it wouldn't be reflected in the contact notes. So on balance, I think it is unlikely Lloyds was aware of Mr L's gambling addiction or that a block had been put on his account.

In May 2016 Mr L made 23 requests to increase his overdraft facility via online banking. It's clear that Mr L had inflated his salary on occasions to obtain a higher amount of credit. Based on the information provided to Lloyds I don't think it acted unreasonably authorising some of Mr L's requests to increase his overdraft facility. I'm satisfied that each request was considered against its usual lending criteria.

But when Mr L made the 13th request to increase his overdraft facility it was referred. In this instance customers are asked to contact Lloyds for a further assessment and a decision to be made manually. There's no evidence to suggest Mr L did this. He continued to make three applications to increase his overdraft which were accepted on the same day. I think it would've been fair and reasonable for Lloyds to have questioned the further applications to increase Mr L's overdraft after he had been asked to contact it for a further assessment. But at this stage Mr L was allowed to increase his credit by a further £500.

Lloyds has already offered to reduce Mr L's overdraft by £500, which I feel is fair and reasonable in these circumstances. After reviewing Mr L's income and expenditure it's clear Mr L is in a position to repay the debt. Lloyds has said it would look to offer Mr L a repayment plan which is affordable but Mr L needs to contact Lloyds if he wants to do this.

my final decision

My final decision is that I don't uphold the complaint. I leave it for Mr L to decide whether to accept Lloyds' offer to reduce his overdraft by £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 December 2016.

Jade Rowe
ombudsman