

## **complaint**

Mrs W, on behalf of her son, complains that Lloyds Bank plc (previously Lloyds TSB Bank plc) lent irresponsibly. She says his disabilities prevent him from understanding the lending products he was given and from managing his finances – and she had told the bank this.

She asks for his outstanding debt to be written-off.

## **background**

Mr W took out a loan to repay the balance on his credit card and to reduce his overdraft balance. A few months later he took out a second loan over a longer term to refinance the previous loan and to clear his overdraft balance in full. Mrs W says that about ten years prior, a bank manager agreed to mark her son's account as a 'bad risk'; to ensure that he was not given a cheque book or a credit card; and to hold his overdraft limit at £100.

Mrs W and Mr W also had a joint account that he was not allowed to access without her signature. Mrs W says that the bank ought reasonably to have been aware that her son was unable to manage his finances and that he would not have understood the loan agreements.

Our adjudicator did not recommend that the complaint should be upheld. She said the loan application call showed that Mr W understood what was involved in taking out the loan. She did not consider there was any way for the member of staff to have known that Mr W had a learning difficulty. That aside, she explained that lenders are not allowed to discriminate on the grounds of disability.

After reviewing Mr W's accounts at the time of both loan agreements, she was reasonably satisfied that his regular income was sufficient to cover his expenses (including the repayment of the loans). And as Mr W met the required monthly payments towards the loans until his circumstances changed, she said this was also evidence that the loans were affordable.

Although there was a note made on Mr W's account stating that his overdraft facility should not be increased without referring to Mrs W; it was an informal account note and the bank policy does not include reviewing such notes before lending. As Mr W was eligible to request overdraft increases, and there were no formal restrictions on his account, she concluded that the bank was in a position to offer these increases to him. This was also her view on the credit card.

Our adjudicator said that the payments taken from the joint account did not require authorisation from both parties. The relevant clause in the terms and conditions allows for instructions to be given to the bank by one party, independently of the other party, on a joint account. As a result, Mr W was able to set up the direct debit payments from the joint account to the credit card. It was not a bank error.

In summary, our adjudicator did not conclude that the bank had made any errors or neglected its duty of care to Mr W.

Mrs W disagreed, saying whilst her son may have understood the loan at the point of application, he would not have understood the longer-term implications as he has limited financial management skills, as evidenced by how he spent much of the money. She argues

that the bank was aware of this and should not have given the two loans which he now cannot repay.

### **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 am not persuaded that the bank should write-off Mr W's loans. I find that the application call shows that he understood the agreement he was making and the bank completed a reasonable credit assessment before granting the loans. I note that, unfortunately, Mr W's personal circumstances have changed, but this is not something that the bank could, or should, have foreseen at the time it made its lending decisions.

I understand that Mrs W had discussed her son's circumstances with the bank some years earlier, but no formal arrangement was made to prevent him from applying to borrow money.

I know this will be very disappointing but, based on the available evidence, I cannot fairly conclude the bank has acted incorrectly.

We have given details of debt counselling agencies. If Mrs W remains concerned that her son cannot manage his finances, she should contact the bank to find out how to gain full control of his accounts formally. She can then agree an acceptable repayment plan with the bank. I would remind the bank of its obligations to treat customers in financial difficulties positively and sympathetically.

### **my final decision**

My final decision is that I cannot uphold this complaint.

Rebecca Connelley  
**ombudsman**