

## **complaint**

Mr V complains that Lloyds Bank Plc (formerly Lloyds TSB Bank Plc) initially agreed to convert his longstanding overdraft into a loan. He says it then changed its mind and sent his account to its recoveries department. He considers the bank should set up a suitable repayment plan and remove any adverse data it has registered on his credit file about the overdraft.

In any event Mr V considers that the overdraft was not affordable in the first place and the bank's lending criteria was not rigorous enough. He considers that Lloyds TSB has provided poor customer service and his health is suffering as a result.

Mr V is dissatisfied with the behaviour of Lloyds TSB's collections agent who, he says, has harassed him. Further, he says he is being pursued for the wrong amount.

## **background**

I set out the background to this complaint in my provisional decision. In it I explained why I proposed to uphold the complaint in part because I had reached the following conclusions:

- I did not conclude that Lloyds TSB had lent to Mr V irresponsibly. I said this because the conduct of the account did not suggest that the lending was unaffordable. It appeared that the overdraft had decreased as well as increased during the relevant period – 17 years. On balance, I was satisfied that, on some occasions, the lending had increased on the basis of information that Mr V had provided about anticipated increases in his income. I was satisfied that Mr V had had the benefit of the lending. In all the circumstances, I did not consider I could fairly conclude that Lloyds TSB had made a mistake in providing the lending to Mr V.
- I was satisfied that Lloyds TSB had made a commercial decision to withdraw the overdraft. I considered it was entitled to exercise its commercial judgement in this way. Further, I considered it was entirely a commercial decision by Lloyds TSB whether or not to make a loan to Mr V and I had no power to tell it to decide otherwise.
- I said that if Mr V is now experiencing financial difficulties, he should approach Lloyds TSB. It must treat him positively and sympathetically. If Mr V considers it has not done so, then he may return to this service about this one limited point should he want to do this.
- I was persuaded that there was a discrepancy amounting to £410.66 between what Mr V considers he owes and what Lloyds TSB says. I was satisfied that Lloyds TSB had not explained this so that it should refund £410.66 to Mr V.
- Mr V told us he had been harassed by Lloyds TSB's collections agent. It was unable to demonstrate that this was not the case. I was satisfied that Lloyds TSB had also not provided the level of customer service that Mr V was entitled to expect. On this basis, I considered it should pay Mr V £100 compensation for distress and inconvenience in addition to the £708.48 it has already offered.

I asked the parties to respond to my provisional decision if they wanted to do so. Lloyds TSB said it accepted it. Mr V did not.

He said, in summary, my provisional decision made “*absolutely no mention of the core of [his] complaint namely the precedent set over 17 years where [he] had no summer income and as a consequence had to rely on [his overdraft]. The overdraft would then, subsequently, be reduced/whittled down on resumption of earning from August onwards. The bank [was] aware of that situation [and] indeed [was] constantly reminded by [him]*”. He also said the overdraft was “*unmanageable*” for these reasons. In this context he said my award was woefully insufficient and he put forward his own counter offer.

## **my findings**

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

Mr V has provided us with substantial written submissions to put his point of view across. I have read his submissions individually and in their entirety. But my decision focuses on what I consider to be the relevant issues. I mean no disrespect to Mr V in taking this approach. For this reason I will not be responding in a point by point way to Mr V's response to my provisional decision as Mr V has asked me to do.

Mr V says the core of his complaint is whether Lloyds TSB were wrong to allow him to have an overdraft of the size that he had for such a long period of time given that his income was seasonal and constant. The conduct of the account does not suggest to me that the lending was unmanageable.

On balance the information I have seen suggests that Mr V and the bank communicated throughout the entire time and his lending requirements and his sources of income - actual and potential - were discussed. I see no consistent pattern of Mr V suggesting that he could not manage. If this was the case, I would have expected Lloyds TSB to have taken action much sooner than it did, given Mr V tells us this arrangement lasted 17 years. On this basis I am not persuaded that Lloyds TSB lent irresponsibly to Mr V.

Mr V says that the award in my provisional decision does not go far enough. He suggests a counter offer – namely that Lloyds TSB should pay him £3,600 plus whatever sums this service suggests to reduce his indebtedness. I consider I have no proper basis to make an award of this amount. Mr V says this is a fair amount as it will allow him to buy a car which is what he would have done if he had got the loan. But I consider Lloyds TSB used its commercial discretion when it declined to give him a loan and I have no power to tell it to do otherwise.

I have not been persuaded by Mr V's response to my provisional decision and it follows I have reached the same conclusions for the same reasons as I did in it.

Mr V says he may go to court if he is not satisfied with my final decision. My role as an ombudsman is to consider the individual complaint and decide whether something has gone wrong. But a court may take a different view of the situation. Should Mr V not accept my final decision, then any rights he may have to take action in the courts against Lloyds TSB are unaffected and he will be free to pursue his arguments – in any court action that may arise, if he so wishes.

### **my final decision**

My final decision is that I propose that Lloyds Bank Plc (formerly Lloyds TSB Bank Plc) should:

- Refund £410.66 to Mr V's overdraft account.
- Pay Mr V £100 for distress and inconvenience in addition to the £708.48 it has already agreed to pay.

Lloyds TSB Bank Plc must pay the total compensation within 28 days of the date on which Mr V accepts my decision. If the Lloyds TSB Bank Plc pays later than this:

- It must also pay interest on the compensation from the date of my decision until the date of payment at 8% per year simple.
- If Lloyds TSB Bank Plc is legally required to deduct income tax from that interest, it must send a tax deduction certificate with the payment so Mr V can reclaim the tax if he is able to.

Joyce Gordon  
**ombudsman**