Financial Ombudsman Service

complaint

Ms T claims Lloyds Bank PLC has been irresponsible in lending to her and this has contributed to her financial difficulties. She wants compensation from Lloyds.

background

Ms T took out a personal Loan in 2008 to repay a credit card and overdraft. This was consolidated into a new higher loan in 2009 and again in 2011 to repay other credit commitments. Personal loans were taken out in 2012 and 2013 to refinance existing debts and pay for a holiday**.** Ms T says Lloyds held regular review meetings with her and encouraged her to get more into debt. It also did not explain the loans to her.

Lloyds said it has done nothing wrong and has acted responsibly.

The adjudicator did not uphold the complaint she said that from 2008 to 2013, Ms T met her monthly repayments, and Lloyds reduced the interest rates from 2008 to 2011 each time she refinance her loans. She did not accept that the loans were not explained. In 2012 the interest rate was higher, but the loan agreement set out that rate. Ms T accepted the terms and conditions. Lloyds carried out affordability assessments each time the loans were taken out. Further Ms T has maintained all personal loan commitments since 2007. She therefore concluded Lloyds has not acted irresponsibly and the lending was affordable.

Ms T does not accept that Lloyds explained the loans to her and does not feel her complaint has been properly investigated.

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 agree with the adjudicator for much the same reasons.

Irresponsible lending – the loans

Banks have a duty to lend responsibly and to ensure borrowing is affordable. In this case, Lloyds carried out affordability assessments each time the loans were taken out. Further, I find that the loans were affordable as Ms T has been able to meet the monthly repayments. The loans enabled Ms T to consolidate all her commitments into one affordable payment with one interest rate to help reduce her overall debt. From all this information, I find that Lloyds acted responsibly in lending to Ms T.

Interest rate

Ms T is unhappy that the interest rate was higher in 2012. However, Lloyds was entitled to make its own commercial decision about the interest rate it was willing to offer Ms T in 2012. I cannot properly interfere with that. I have considered the documentation provided and the interest rate charged in 2012 was in accordance with the agreement. Ms T signed the agreement and accepted the terms and conditions. Therefore, Lloyds has done nothing wrong in setting a higher interest rate for the 2012 loan.

The benefits of refinancing the loans

Ms T says Lloyds did not explain what benefit she would get from the personal loans. Further, she says Lloyds misled her and got her to attend personal reviews by telling her it would help her save money. She says the reviews were to sell her refinancing.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances. In its internal records, Lloyds does detail Ms T's other financial commitments, including interest rates of other debts, which indicates a discussion took place about the benefits of refinancing. On balance, I therefore conclude that Ms T was informed of the benefits of consolidating her debts when the loans were taken out. Further, whilst noting Ms T felt misled about the review meetings, I find that Lloyds did not mislead her at these meetings. I therefore find that Lloyds has done nothing wrong by providing the loans.

my final decision

My final decision is that I do not uphold this complaint.

Clare Hockney
ombudsman