

complaint

Mr G complains that Lloyds Bank plc was irresponsible when it lent him money.

background

Lloyds agreed a £1,500 overdraft for Mr G in July 2012 and approved a credit card with a £2,250 limit in January 2013. By March 2013, Mr G's overdraft was £3,000. In January 2014, Lloyds approved a £5,000 loan to pay off the overdraft and credit card, but it did not cancel those facilities and his total debt is now over £10,000. Mr G says Lloyds shouldn't have lent him the money as he was on benefits and addicted to gambling.

Lloyds agreed it could have been more rigorous when assessing Mr G's loan application. Mr G told it he was receiving cash from self-employed income, but Lloyds acknowledges his statements show benefit payments. Mr G now says the credits were gambling winnings. Lloyds has offered to credit Mr G's current account with £3,080 to pay off his overdraft. It says this is the equivalent of a refund of interest and charges on Mr G's three accounts.

Our adjudicator found Lloyds' offer to be fair and reasonable. He explained that, due to the Supreme Court's ruling in 2009, account charges can't be challenged because they are too high. However, banks have a duty to respond to customers in financial difficulty positively and sympathetically. He considered Lloyds had done that by offering to refund £3,080.

Mr G responded to say, in summary, that he thinks Lloyds should write off more of the debt.

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 have seen the loan application and Mr G's bank statements and, as Lloyds has now accepted, I am not satisfied that the lending was affordable. Lloyds has offered to refund all the charges and interest on the overdraft, credit card and loan and, as the total is roughly the same as Mr G's overdraft, it has said it will clear the outstanding £3,080 from that account.

I acknowledge Mr G says he feels the bank is only refunding the money he's paid it, rather than "*its own money*". But I need to consider that Mr G had the benefit of the money he was lent. Although he spent much of it on gambling, I don't think it would be fair to expect Lloyds to write this debt off. As it is, Lloyds has frozen further interest and charges on Mr G's credit card and loan and has agreed monthly repayment plans. If Mr G accepts Lloyds' offer, he won't have an overdraft on his current account, so I don't think Lloyds needs to do any more.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 December 2015.

Amanda Williams

ombudsman