

## **complaint**

Mr R's complaint has been brought by his wife Mrs R. Mrs R complains Lloyds Bank PLC irresponsibly provided Mr R with three loans.

## **background**

The three loans were taken out between 2003 and 2012. The 2003 loan was paid in full in 2008 without any concerns. The second loan in 2010 was taken out to repay Mr R's Lloyds credit card and overdraft. The 2012 loan repaid Mr R's credit card again. Payments on the 2010 and 2012 loan were maintained until 2013.

As Mr R was struggling to meet the payments the couple took advice from StepChange, a debt counselling charity. Following its help a repayment plan was agreed in December 2013.

Mrs R believes her husband shouldn't have been given any of these loans and she complained to Lloyds. In its final response Lloyds didn't agree the loans were irresponsible lending, but paid £250 for the poor service given.

The adjudicator didn't agree Lloyds was irresponsible to have agreed the loans as these provided for structured repayments of debt he already had. But she did consider Lloyds should have closed Mr R's credit card as it had said it would do in 2012. Following her discussions with Lloyds it agreed to write off the balance on the credit card then at £3,705.04. The adjudicator considered this was fair and reasonable.

Mr and Mrs R didn't agree. They consider Lloyds took advantage of Mr R and they have suffered considerable distress. They are particularly upset by the repeated phone calls from Lloyds.

## **my findings**

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

The first loan was taken out in 2003. To decide whether a loan was affordable the borrower's circumstances at the time of the loan need to be considered. Given the length of time since the loan was taken out I have limited evidence on which to make this assessment. But as the loan was repaid in full without any concerns I consider it unlikely this was unaffordable lending.

The 2010 loan was taken out to repay Mr R's credit card debt and overdraft. Mr R had been in and out of work in the period leading up to the loan. But the loan enabled Mr R to reduce the interest rate payable on his debt and his monthly payments. And the bank's records show he had £900 of income for living expenses. I therefore don't consider it was unaffordable lending. With the benefit of hindsight I do consider it would have been best for Mr R's credit card account to be closed. But I don't think this would have been obvious to Lloyds at the time. I therefore don't consider it would be fair to make an order on this basis.

By 2012, Mr R's credit card debt had increased again. Mr R and Lloyds agreed a new loan. The new loan again reduced the interest Mr R was paying on his debt and still left him with £880 a month after paying all his loans. Again I don't consider this was unaffordable lending.

At the time of the 2012 loan it was agreed there would be no further borrowing. I do consider it would have been sensible for the credit card account to be closed. Lloyds has offered to write off the balance of the credit card account. I think this is fair and reasonable. If Mr R accepts my award he does need to be aware Lloyds will register with Credit Reference Agencies that it has written off the debt. This may impact on his credit rating and ability to borrow.

Mr and Mrs R have been upset by the number of phone calls they have received chasing the debt. I have sympathy for Mr and Mrs R, they are clearly very upset. But I consider its payment to them of £250, taken together with its offer to write off the balance of the credit card, is a fair and reasonable resolution to the complaint.

**my final decision**

My decision is that Lloyds Bank PLC should write off the balance of the credit card account Mr R has with it as it has offered to do.

Nicola Wood  
**ombudsman**