

complaint

Mrs A complains that Lloyds Bank plc (formerly Lloyds TSB Bank plc) caused her to get into debt by making a credit card available to her. She is represented in her complaint by her husband.

background

In 2010 Mrs A had a number of debts and Lloyds arranged a consolidation loan, in joint names with her husband, to clear them. Mr and Mrs A say they asked Lloyds not to offer Mrs A any further credit cards and to remove the overdraft on her account. In 2012 Mr A discovered that Lloyds had provided a credit card to Mrs A in 2011, and that her current account still had an overdraft facility. When he complained, the bank said it had not agreed to restrict further lending and had not acted irresponsibly by providing the credit card.

our adjudicator's view

The adjudicator did not recommend the complaint should be upheld. From the available evidence, he could not safely conclude that Lloyds had agreed to restrict further lending or remove the overdraft. In light of the credit turnover on Mrs A's account, he did not consider it was unreasonable for Lloyds to have offered the credit card. He was also satisfied that Lloyds had not been aware of Mrs A's health issues when the consolidation loan was arranged or the credit card offered.

On behalf of Mrs A, Mr A responded to say that they did not agree with the adjudicator's conclusions and asked for the complaint to be reviewed.

my provisional findings

After considering all the evidence, I issued a provisional decision on this complaint to Mrs A and to Lloyds on 8 October 2013. I summarise my findings:

- From the available evidence and in light of Mr A's consistent testimony, I considered it more likely than not that Mr and Mrs A asked Lloyds to restrict further lending on Mrs A's account.
- I also considered it likely that Lloyds did block the account, but failed to tell Mr and Mrs A that the block would be lifted after twelve months.
- I was satisfied that Mr and Mrs A had done what they could to prevent the situation they now face and considered they would have taken further preventative action if Lloyds had told them the block would be lifted.
- In the particular circumstances of this case, I did not consider Mrs A should be required to repay what she owed on the credit card account.
- I could not safely conclude that Lloyds had agreed to remove the overdraft and was satisfied that Mrs A was responsible for repaying the balance on her current account.

Subject to any further representations by Mrs A, by her husband on her behalf, or by Lloyds, my provisional decision was that Lloyds should:

1. Write off the balance on Mrs A's credit card account and remove any adverse information recorded on her credit file in connection with that account.
2. Pay compensation of £200 to Mrs A.

On behalf of Mrs A, Mr A responded to say that she accepted my provisional findings. Mr A said the last authorised payment from the current account was in September 2012 and that the overdraft balance since that time had increased because of interest and charges. Mr A asked whether the interest and charges applied since September 2012 could be written off. As Mrs A no longer has any accounts in her name, Mr A would like the compensation paid to him on her behalf.

Lloyds responded to say that it agreed with my provisional findings.

my findings

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

I can understand why Mr and Mrs A might consider the interest and charges applied to Mrs A's overdraft while she was pursuing her complaint should be written off. Irrespective of the complaint, however, the overdraft remained a legitimate debt owed by Mrs A to the bank. As such, Lloyds was entitled to apply interest and charges in line with the terms and conditions of the account. It is for this reason that I cannot fairly require Lloyds to write off the additional interest and charges as Mr and Mrs A would like.

I note what Mr A has said about payment of the compensation award and consider the method of payment can be agreed directly between Mrs A, Mr A and Lloyds.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of it, I direct Lloyds Bank plc (formerly Lloyds TSB Bank plc) to:

1. Write off the balance on Mrs A's credit card account and remove any adverse information recorded on her credit file in connection with that account.
2. Pay compensation of £200 - the receipt for which it should agree directly with Mr and Mrs A.

Caroline Stirling
ombudsman