

## **complaint**

Mrs J complains that the bank charges on her overdraft with Lloyds Bank PLC ("Lloyds Bank") are too high.

## **background**

Mrs J has a bank account with Lloyds Bank which has an overdraft facility. She also has some other borrowing with Lloyds Bank.

In November 2017, Lloyds Bank changed its charging structure for overdrafts, and informed Mrs J. The new fee structure meant Mrs J would be charged a daily fee of £0.01 for every £7 borrowed on her overdraft.

Mrs J asked Lloyds Bank to increase her overdraft several times over a period of a couple of years, and her overdraft borrowing limit peaked at £3,500.

Mrs J got into financial difficulty. Lloyds Bank said it was first told about this by Mrs J in October 2018. Mrs J said she informed Lloyds Bank six months earlier, but Lloyds Bank said it didn't have any record of this.

Lloyds Bank froze the overdraft charges on Mrs J's account between October and December 2018, after she advised she was in financial difficulty. And it previously refunded £100 of charges in July 2018.

Mrs J complained when the charges were reinstated in December 2018 – she told Lloyds Bank that she was still in financial difficulty. She also said that she was expecting to receive the proceeds of a property sale within a few months.

Lloyds Bank said it began charging fees again in December 2018 because Mrs J had not returned an income and expenditure form it'd asked her to complete. It said as Mrs J was due to receive a large sum of money from a property sale; it would continue to freeze the charges. And said it'd arranged a repayment plan and a temporarily reducing overdraft.

Mrs J remained unhappy with the overdraft charges and brought her complaint to this service. An investigator here looked into the complaint and said that he didn't think Lloyds Bank had done anything wrong. Mrs J didn't agree and asked for a decision from an ombudsman.

## **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've checked that Lloyds Bank has applied its charges to Mrs J's account in line with its terms and conditions. And I've seen evidence that it informed her when its charges changed. So I agree with the investigator that, because of a court ruling, those charges can't be challenged on the grounds that they are disproportionate or unfair. I appreciate that Mrs J feels strongly that the overdraft fees Lloyds Bank applied to her account were too high, but I can't, in effect, limit what a bank chooses to charge for its services.

However, I can consider whether Lloyds acted appropriately after becoming aware that Mrs J was experiencing financial difficulties.

In June 2018 Mrs J got in touch with Lloyds Bank and asked to take out a loan to clear her overdraft debt. She said she couldn't afford the daily charges on the overdraft and complained they were too high. Lloyds Bank turned down Mrs J's loan application based on its assessment of her creditworthiness and affordability at that time. And it refunded £100 in overdraft charges. Based on the system notes Lloyds Bank has provided, I've seen no evidence that Mrs J told the bank that she was experiencing financial difficulties at that time.

Lloyds Bank said the first time Mrs J told it she was in financial difficulty was in October 2018. Mrs J said she told Lloyds Bank about her financial difficulties around six months earlier. This would be around April 2018.

Mrs J has been unable to provide anything more specific about when she told Lloyds Bank she was in financial difficulties and I've seen no other evidence of this in the records provided by the bank. Based on what both parties have told me, I think it's most likely that Mrs J recalls the conversations she had with the bank in June 2018 about the cost of her overdraft, which was around four months before Lloyds Bank says Mrs J got in touch about her financial difficulties in October 2018. However I've not seen enough evidence to be satisfied that Mrs J made it clear to Lloyds Bank that she was experiencing financial difficulty prior to this. So I've not found that Lloyds Bank did anything wrong here.

I think it may have been possible for Lloyds Bank to have noticed Mrs J might be in financial difficulty before it was told. And I say this based on the activity on Mrs J's account in the six months prior to her letting the bank know she was in financial difficulty in October 2018. However overall, once Lloyds Bank was made aware, I'm satisfied that it did enough, and I'll explain why.

When Mrs J told Lloyds Bank she was in financial difficulty in October 2018, it froze the charges and interest on her account temporarily. I'd expect the bank to treat Mrs J positively and sympathetically once it became aware that she was experiencing financial difficulties. And I think it did this adequately in the circumstances. I say this as Lloyds Bank asked Mrs J for details of her income and expenditure in order to work out a potential repayment plan. And it froze the interest and charges on her account, to give her some breathing space and time to respond.

Lloyds Bank said it started charging fees on Mrs J's account again in December 2018 as Mrs J hadn't returned the income and expenditure form it'd asked for. I don't think this was unreasonable, as the bank would have needed this information to assess what help it could offer Mrs J with her financial situation. After Mrs J got in touch and provided some more information, Lloyds Bank agreed to freeze the interest and charges on her account again, and I think this was fair.

Lloyds Bank has said that after Mrs J received a large credit into her account which cleared her overdraft, it removed her overdraft facility in March 2019. And I don't think this was unreasonable as the account had returned to a credit balance.

I've established that I don't think Lloyds Bank has done anything wrong in terms of its overdraft charges and the action it took around Mrs J's financial difficulties. However, this service has an inquisitorial remit, and I'm satisfied that this allows me to also consider the question of whether or not the borrowing Mrs J had with Lloyds Bank, in the form of the

overdraft and loans, was affordable to her. I've put this to Lloyds Bank for its comments, and its decided to treat that matter a separate complaint case. So I won't comment on it any further here.

**my final decision**

For the reasons I've given, my final decision is that I don't uphold this complaint. And I make no award against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 24 September 2020.

Gemma Warner  
**ombudsman**