

complaint

Mr T complains that Lloyds TSB Bank Plc (“the bank”) has charged him thousands of pounds worth of fees and interest over the last ten years. He says that this has made his financial difficulties worse and prevented him from clearing his debts. Mr T wants the bank to refund all the charges – he says about £6,000. The bank has refunded or cancelled about £1,000 of charges.

background

Mr T has been complaining to the bank about charges for many years. He says that they have meant that he cannot escape a cycle of debt which has caused him distress and inconvenience, and have contributed to his financial difficulties.

The adjudicator did not recommend that this complaint should be upheld. She concluded that the bank was not obliged to refund correctly applied charges, but that it had refunded or cancelled some, in 2012, to help Mr T break the debt cycle. She also explained that charges cannot be challenged simply because they are high. Mr T has responded to say, in summary, that the charges have affected him severely, making his financial problems much worse.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I find that I have come to the same conclusions as the adjudicator did, for much the same reasons.

I have looked at Mr T’s statements and the terms and conditions for his account and I am satisfied that the fees and charges have been applied correctly. So I do not find that they have been applied in error.

Mr T says that the charges are unfair – but, as the adjudicator explained, these charges cannot be challenged simply on the amount. That was established in the Supreme Court Ruling in 2009 on the OFT test case. I appreciate that Mr T feels strongly about this – but I have to consider the law when making decisions and I do not conclude that they are unfair. Mr T says the bank’s only solution to his financial difficulties has been to offer him loans. But that is a legitimate way of helping a customer in financial difficulties as it can help to regularise payments and take the pressure off everyday spending. And the bank has refunded or cancelled more than £1,000 of charges to try to help Mr T break the cycle of debt. So I am satisfied that the bank has complied with its obligations to assist Mr T with his financial difficulties. I have also noted that, over the years, Mr T has paid several large credits into his account – which effectively stopped the cycle – only to become overdrawn again a short time later.

my final decision

My decision is that I do not uphold this complaint. If Mr T is suffering from financial difficulties now, then he has been given the relevant contact details within the bank and for independent debt advisers, and I would urge him to contact them.

Susan Peters
ombudsman