

complaint

Mrs B, on behalf of her son Mr B, says Lloyds Bank PLC irresponsibly lent him money.

background

Mrs B says shed told Lloyds in 2014 and 2015 of her son's gambling problems. Each time the bank had cancelled his debit card, and overdraft facility, and issued him with a cash card instead.

But in 2016 Mrs B found out Lloyds had agreed a loan of £1,000 with Mr B that Mrs B says has now been used for gambling. She says Lloyds knew of Mr B's problems and should have done more to restrict his account in 2015. She considers Lloyds approach was irresponsible.

Lloyds accepted it could have done more in 2015 to restrict Mr B's account and that this may have prevented him obtaining this loan. While it didn't agree to write off the loan, it agreed to waive the loan interest of £469.64 as well as putting a marker on the account. And it offered Mrs B £100 compensation for the distress this had caused her.

Our adjudicator also came to the view that as Lloyds had been told about Mr B's problems in 2014 and 2015, it could have done more to deal with these at the time. But he felt the steps it had now taken to deal with the complaint were fair. And as Mr B had had the benefit of the money, it was reasonable for Lloyds to ask him to repay it, although not the interest. He said he wouldn't be asking Lloyds to do anything more.

Mrs B disagreed and said Lloyds was responsible for the situation her son now found himself in. She asked for an ombudsman to consider the complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've come to the same conclusion as the adjudicator and for broadly the same reasons.

Lloyds has accepted that, in addition to cancelling his debit card and replacing it with a cash card, it should also have put a marker on Mr B's account in 2015. It didn't and I agree this was an oversight. While it wouldn't necessarily have prevented Mr B obtaining any further loans, it would have acted as a warning and might have prevented this loan being agreed.

For that reason I consider it's reasonable for Lloyds to now waive the interest on the loan to prevent Mr B incurring further debt for a loan he probably shouldn't have had. But I don't agree Lloyds needs to waive the loan as well as the interest. It's clear Mr B has had the benefit of the money and it seems reasonable he should now repay it.

I realise Mrs B's main concern is the way in which Lloyds deals with situations like this rather than the amount of any compensation. But I've seen that Lloyds does have processes in place even if it didn't fully apply them in this case. And I'm not the regulator – it's not for me to tell Lloyds how it should operate. On what I've seen with regard to the way Lloyds dealt with this complaint, I consider the £100 offered to Mrs B is fair.

I see Mrs B hasn't yet accepted this offer. If she wishes to do so she will need to contact Lloyds direct to allow it to make payment.

my final decision

My final decision is that I consider the offer made by Lloyds to put matters right is fair and I won't be asking it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 31 October 2016.

Cerys Jones
ombudsman