

The complaint

Miss C complains that Lloyds Bank PLC was irresponsible to lend to her.

What happened

Miss C had two loans with Lloyds in 2006 and 2007 as follows:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Repaid</u>
1	22 May 2006	£7,500	Defaulted 2010
2	25 Jun 2007	Unknown	Defaulted 2010

Miss C says that Lloyds did not make the relevant checks before it agreed to lend to her. She says that when she lost her job she ended up in more debt and also had relationship and mental health issues. Miss C says she's recently received letters from debt collection agencies but can't afford repayments as she is on benefits due to ongoing ill-health.

Lloyds initially said it was unable to consider Miss C's complaint as the lending happened too long ago.

One of our ombudsmen has already considered whether this service can look into Miss C's complaint about the loans, given how long ago they were, and decided it was within our jurisdiction.

Lloyds, however, has been unable to provide any evidence of the checks that were carried out at the time of the lending due to the passage of time.

Our adjudicator did not recommend the complaint should be upheld. He said that, as he didn't have any information about the checks carried out, or any evidence of Miss C's financial circumstances at the time, he was unable to conclude the lending was unfair.

Miss C responded to say, in summary, that she disagreed and that it is Lloyds's responsibility to prove it carried out the correct checks. She provided some snapshots of her bank statements and her payslips from around the time.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I need to take into account the relevant rules, guidance and good industry practice, as outlined on our website.

Bearing this in mind, in coming to a decision on Miss C's case, I have considered the following questions:

- Did Lloyds complete reasonable and proportionate checks when assessing Miss C's loan applications to satisfy itself that she would be able to repay the loans in a sustainable way?
 - If not, what would reasonable and proportionate checks have shown?
- Did Lloyds make a fair lending decision?
- Did Lloyds act unfairly or unreasonably in some other way?

As these loans were taken out over 16 years ago, and banks are not required to keep detailed records for more than six years, I don't find it unreasonable that Lloyds has limited information about the loans. It has confirmed the dates that both loans were taken out, and the dates they were closed but says it has no information about the checks that were carried out at the time.

So, as I'm unable to consider whether Lloyds carried out reasonable checks, I have looked at all the information Miss C has sent to see if I can establish whether the loans were likely to have been affordable to her.

I can see Miss C's income from employment ranged between £400 and £950 per month, and that she received almost £800 per month in benefits. Miss C also hasn't been able to provide any further information about the second loan or the scheduled repayments on either loan. I can see that Miss C was still employed by the same employer in April 2008, but I acknowledge that she says she got into difficulties when she lost her job.

Where the evidence is incomplete, as is the case here, I must make my decision based on the balance of probabilities. That is, what I consider is most likely to have happened.

Although I have no information on the checks carried out by Lloyds, and limited information about the loan terms and Miss C's financial circumstances at the time of the lending, I think it is more likely than not that the repayments were initially affordable for Miss C and that she got into difficulties when she lost her job. So, on the balance of probabilities, I consider Lloyds made fair lending decisions and did not act unfairly or unreasonably in any other way.

In summary, my decision is that I do not uphold Miss C's complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 October 2023.

Amanda Williams
Ombudsman