

The complaint

Ms C complains that Lloyds Bank PLC (“Lloyds”) failed to set up a six month overdraft reduction plan that had been agreed. Ms C wants Lloyds to offer the plan that was originally agreed.

What happened

Ms C had an account with Lloyds with an £850 overdraft facility. In August 2021 Ms C agreed a six month overdraft reducing plan to reduce her overdraft to £730 but the plan was never set up. Ms C only got in touch with Lloyds about this in September 2022 over 12 months later. Ms C provided Lloyds with her income and expenditure but it wasn’t enough for Lloyds to agree the original plan.

Ms C complained to Lloyds about this. Lloyds agreed to refund 13 months’ worth of fees which totalled £214.72. This worked out to more than what Ms C’s overdraft would’ve reduced by if a plan had been agreed. Lloyds also compensated Ms C £50 and says it suspended daily overdraft fees until May 2023.

Ms C’s current overdraft stands at £850 and is utilised up to its full limit. Lloyds says to work out if a further plan is possible Ms C needs to speak with its financial assistance team and provide her income and expenditure so it can provide the right support.

One of our adjudicators looked into Ms C’s concerns and reached the conclusion that in order to set up a plan Lloyds needs up to date information on Ms C’s financial circumstances to assess affordability and didn’t think it was unfair of Lloyds to ask for this. Furthermore, Lloyds is under no obligation to agree a repayment plan if it isn’t affordable.

Ms C disagreed and has asked for an ombudsman’s decision.

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.

Having considered everything provided, I think what Lloyds have already done to support Ms C is enough and I’m not going to ask that it do anything more.

My role is to consider what Ms C has experienced and see if Lloyds has done anything wrong or treated Ms C unfairly. If it has, I would seek – if possible - to put Ms C back in the position they would’ve been in if the mistakes hadn’t happened. And I may award compensation that I think is fair and reasonable.

In Ms C’s case it’s not disputed that Lloyds failed to set up an overdraft reducing plan so the question I have to ask is whether what Lloyds have done to put things right is fair and reasonable.

To put Ms C back in the position she would've been in if Lloyds hadn't made a mistake one option would be to set up another overdraft repayment plan. But that isn't the only option and might well not be the best option – as it wouldn't be fair or reasonable to set up a plan that based on Ms C's current circumstances that wasn't affordable for her or one in which Lloyds had little prospect of being paid back the overdraft debt Ms C owes.

So I don't think it is unreasonable that Lloyds ask Ms C to speak to its financial assistance team and go through Ms C's income and expenditure before agreeing another plan. And if based on this information Lloyds deems a plan unaffordable or not commercially viable, I don't think Lloyds is treating Ms C unfairly by not offering her a plan.

Furthermore, Lloyds have already refunded and suspended around 21 months' worth of overdraft fees which has put Ms C in a better position than she would've been had the plan been set up correctly – and compensated her £50.

I note that it was over 12 months before Ms C contacted Lloyds about the failed reduction plan yet during this time Ms C continued to transact on the account and at times her overdraft balance was reduced well below the £730 limit the plan was set to get her to. I think it's likely during this period Ms C would've had some understanding about what her balance was and I think if she'd chosen to – going by what the transactions on her statements show – she could've kept herself within the £730 limit. So on this basis I think the £50 compensation paid to Ms C is fair and I'm not persuaded further compensation is warranted.

So overall and having considered everything I'm not going to uphold Ms C's complaint as I think Lloyds has already done enough to put things right for her.

My final decision

For the reasons I've explained I've decided not to uphold Ms C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 31 August 2023.

Caroline Davies
Ombudsman