

The complaint

Ms S complains about the way that Lloyds Bank PLC (Lloyds) handled her credit card application. Ms S wants Lloyds to approve her application.

What happened

Ms S is an existing customer of Lloyds. In October 2022, Ms S applied for a Lloyds cashback credit card online but her application was declined. After Ms S visited a branch to discuss the failed application, an adviser contacted the lending team who couldn't understand why her application had been declined.

Ms S made a second application but this was again declined. At this point, Lloyds told Ms S that her application failed because she didn't currently hold the correct type of credit card account.

Ms S replaced her existing credit card so that she'd be eligible to apply for the second cashback credit card. However, Lloyds then told Ms S that she would no longer be eligible to apply for the cashback credit card, as it had introduced a minimum annual salary requirement in the middle of November 2022.

Lloyds agrees that it let Ms S down and paid her £50 to apologise. Lloyds said that it could not overturn the eligibility criteria for the cashback credit card.

Our investigator thought that Lloyds had already done enough to put things right for Ms S. Our investigator said that as the eligibility criteria had changed, it was reasonable for Lloyds to say that it could no longer approve Ms S's application for a cashback credit card.

Ms S is very unhappy with the investigation outcome. She points out that Lloyds told her it had already approved her credit card application. She is unhappy that Lloyds changed the eligibility criteria halfway through her application after she'd already been approved. Ms S says that when she first applied for the cashback credit card, she typed the correct information but then the information Lloyds showed her was incorrect..

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'm sorry to hear about the problems that Ms S has faced. Lloyds agrees that it made mistakes, so I now need to consider whether it has done enough to put things right.

When Ms S first applied for the cashback credit card, she already held a Lloyds classic credit card. Lloyds' website said that to be eligible for a second credit card, a customer's existing credit card could not be a classic account. It's unfortunate that Lloyds told Ms S that she'd already been approved and that it couldn't understand why her application was declined. But as Ms S's existing account didn't meet the eligibility criteria to apply for a second credit card, I don't consider it was unreasonable for Lloyds to decline the online application.

After Ms S made a second application – which was again declined - Lloyds correctly told Ms S that she'd have to trade her existing classic credit card for a platinum card in order to be eligible for the second cashback credit card. As the eligibility criteria for the cashback credit card hadn't changed at this point, I don't find that Lloyds was at fault for suggesting this course of action.

Lloyds' website says that you can only apply for a credit card if you've not been declined within the last 30 days. As Ms S had to wait before reapplying for the cashback credit card, the eligibility criteria had changed. I can understand that this was very frustrating for Ms S but Lloyds made a commercial decision to set a minimum income level. This service can't interfere in that decision, so I don't think it reasonable to require Lloyds to approve Ms S's application given that she does not earn over the income threshold.

I have thought about whether Lloyds should pay more compensation than it's paid so far but Ms S's main concern is to have the cashback credit application approved. As I'm not asking Lloyds to approve the application, I consider £50 compensation is a fair way to reflect the inconvenience caused to Ms S when Lloyds failed to correctly identify the reason why her application for the second credit card failed.

Lloyds has pointed out to Ms S that as a customer, she's eligible to earn cashback on certain transactions with her credit and debit cards. Details of the service can be found online if Ms S is interested in learning more.

I'm sorry that my decision is likely to disappoint Ms S but for the reasons outlined above, I don't require Lloyds to take further action in response to her complaint.

My final decision

My final decision is that I don't uphold this complaint in the sense that Lloyds has already done enough to put things right for Ms S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 19 September 2023.

Gemma Bowen
Ombudsman