

## **The complaint**

Mrs N complains that Lloyds Bank PLC trading as Lloyds Bank has incorrectly calculated the outstanding balance on her credit card account. And she further complains that the bank has failed to treat her fairly when she faced financial difficulties and was unable to make the contractual repayments on her credit card account.

## **What happened**

Mrs N upgraded a credit card that she held with Lloyds in March 2020. At that time Mrs N was offered an initial interest free period of 18 months on her account. So no interest would be added until December 2021. Until around December 2022 Mrs N had made the contractual repayments required on her card.

In early 2023 Mrs N told Lloyds that she was facing financial difficulties and couldn't repay what she owed. After providing Mrs N with some time to assess her finances Lloyds defaulted Mrs N's credit card account in April 2023 and her outstanding balance has since been transferred to a debt collection company. And Mrs N also told Lloyds that she thought the balance on her credit card account was incorrect. She said that it didn't properly reflect the repayments that she had made over the preceding years.

Lloyds didn't agree with Mrs N's complaint. It said that the balance on her account had been calculated correctly, and that the agreed interest free period had been honoured. And Lloyds said that it had treated Mrs N fairly when she faced financial difficulties. But, since Mrs N had confirmed she wouldn't be able to repay what she owed, it had been right to default her account and transfer it to the debt collection company. Unhappy with that response Mrs N brought her complaint to us.

Mrs N's complaint has been assessed by one of our investigators. He thought that the outstanding balance Lloyds had shown on Mrs N's statements was correct. And he thought that Lloyds had treated Mrs N fairly when she faced financial difficulties. So he didn't think Lloyds had done anything wrong. He didn't think Mrs N's complaint should be upheld.

Mrs N didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

## **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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs N and by Lloyds. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words

I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Lloyds has provided me with full details of all the transactions that have been posted to Mrs N's credit card account since it was upgraded in March 2020. In summary, those transactions show the following;

- No interest was charged to the account between March 2020 and December 2022. The first interest charge after the upgrade was added in January 2022.
- Over the life of the account, total spending of around £4,080 was made by Mrs N.
- Since January 2022 the total interest added to the account was around £561
- The repayments that Mrs N has made over the life of the card total around £1,940

Lloyds told Mrs N that her outstanding balance was £2,701.31. That appears to be correct based on the information that I've set out above. So I have no reason to conclude that Lloyds has miscalculated what Mrs N owes on her credit card.

When a consumer tells a financial services provider that they are facing financial difficulties there is a regulatory expectation that they will be treated positively and sympathetically. Lloyds has provided us with recordings of some lengthy phone conversations it had with Mrs N when it discussed her financial situation with her. During those calls Lloyds guided Mrs N on how she might best assess her finances and complete a budget planner to determine what she would be able to afford to repay. And it froze interest on her account to stop her debt from escalating further.

But it is my understanding that the regulator's guidance isn't intended to leave debts outstanding for an indefinite period of time. Instead the requirement for lenders to show forbearance and due consideration to consumers who are facing financial difficulties is to allow a reasonable period of breathing space for consumers, facing an unexpected fall in their disposable income, to review their options. So, once it became clear that Mrs N would be unlikely to be able to repay what she owed, Lloyds acted fairly in defaulting her account and passing the outstanding balance to the debt collection company.

I am really sorry to hear of the financial problems that Mrs N has faced. But I think the balance Lloyds said she owed is a reasonable reflection of the spending she made using her credit card, together with the repayments she made. And I don't think Lloyds treated Mrs N unfairly when it defaulted her account and transferred the outstanding balance to the debt collection company. So I don't think the complaint should be upheld.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 1 October 2024.

Paul Reilly  
**Ombudsman**