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### USWITCH.COM COMMENTS ON LLOYDS TSB 2005 RESULTS

- **Bad debt provisions increased by 21% to £1.1 billion<sup>1</sup>**
  - **Current account fees up 18% to £754 million<sup>2</sup>**

Responding to Lloyds TSB's announcement today of its annual results for 2005, that revealed pre-tax profits for the Group were up 4% in the last year to £3.47bn despite retail banking profits falling by 7%, Nick White, Head of Personal Finance at independent price comparison website, uSwitch.com, commented:

"It is not surprising to see that the profits of the UK's biggest unsecured lender have been hit hard as a result of consumers struggling to cope with the ever-increasing burden of debt. Write-offs on personal loans and overdrafts at Lloyds TSB totalled £585 million for the year, and were £307 million for credit cards<sup>3</sup>. This accounts for 25% of the £3.6 billion written-off on unsecured lending by UK banks in 2005<sup>4</sup>.

"When you look at the lending practices of many of the big banks over the last few years, it is not difficult to see why the current credit card write-off rate in the United Kingdom is now running at nearly three quarters the level of that in the United States.<sup>5</sup> It was only a matter of time before this hit the banks where it hurt - in their profit-margins. Lloyds TSB's claim that they 'confirm affordability before agreeing any borrowing requests'<sup>6</sup> is in stark contrast to the recent report<sup>7</sup> from uSwitch.com that revealed 88 per cent of successful credit card applicants during the last year were **not asked for proof of their annual income** beyond the figures stated on the application, and 95 per cent were **not asked to show evidence of their outgoings**.

“With consumer debt escalating to over £1.1 trillion<sup>8</sup> in the UK, and the latest figures for credit card debt alone standing at £68.4 billion<sup>9</sup>, there is an urgent need for a review of the lending practices employed by the high street banks. uSwitch.com is calling for greater transparency in the way banks conduct affordability checks, and for the industry to ensure that proper measures are put in place to protect borrowers from over-extending themselves financially.

“Elsewhere in their results, we are pleased to see Lloyds TSB talking about their commitment to existing customers - a group that has continued to be ignored by many of the big banks for some time. Understanding the existing customer base is sure to assist banks in lending more responsibly, and lead them towards only offering products that are suited to each consumer.

“In the meantime, consumers should review their finances to ensure that they are getting the best deal on their credit cards, loans and current accounts. By switching to the best deals available, consumers could save themselves over £250<sup>10</sup> a year.”

**[www.uswitch.com](http://www.uswitch.com)**

For more information visit [www.uSwitch.com](http://www.uSwitch.com)  
or call 0800 093 06 07

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**Notes to editors**

1. Lloyds TSB Group Annual Results 2005 - Group Finance Director's Review of Financial Performance.
2. Lloyds TSB Group Annual Results 2005, Note 9 to the accounts
3. Lloyds TSB Group Annual Results 2005, Note 13 to the accounts
4. Bank of England Financial Stability Review 2005
5. Bank of England Financial Stability Review 2005
6. Lloyds TSB Group Annual Results 2005 – Group Chief Executive's Statement
7. uSwitch Press Release, 18 January 2006. The research was carried out by Chat About Money for uSwitch.com on 6–11 January 2006 among 1,937 respondents, of which 749 had successfully applied for a credit card in the last year.
8. UK personal debt broke through £1.1tr barrier in June 2005 according to Credit Action
9. British Bankers' Association Credit Card Statistics – December 2005
10. Figures were accurate as of 25 January 2006. Calculations based on:

- An average credit card debt of £1,202 held on a credit card with an average APR of 15.1% and paying an average minimum amount due equivalent to the greater of 2.43% or £5 transferred to HBOS One Visa Credit Card offering 0% for 12 months with a balance transfer handling fee of 2% (minimum £2 and maximum £50) could offer a saving of £158.81 per person (assume paying monthly minimum amount due)
- An average loan amount of £1,071 held in a loan with an average APR of 14.81% transferred to Zopa A Rated at 4.9% APR (saving of £54.37)
- An average monthly net salary of £1,395.25 assumed in credit for half the month and overdrawn for half the month by half of salary transferred from Lloyds TSB Classic to Alliance & Leicester Premier Direct (saving of £40.77)

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If they choose to, consumers can switch while they're online or phone customer services direct.

The service is also available via telephone, fax and post. Consumers can call on 0800 093 06 07, fax 020 7233 5933 or write to Customer Services, uSwitch.com, 10th Floor, Portland House, Stag Place, London, SW1E 5BH , with their postcode and usage details.

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