

The complaint

Mr and Mrs M are unhappy that HSBC UK Bank Plc trading as first direct wouldn't lend them the money they wanted as a further advance on their mortgage for debt consolidation.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again here. The facts are not in dispute so I will focus on giving the reasons for my 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 done so, I agree with the conclusions reached by the investigator for the following reasons:

- I appreciate Mr and Mrs M feel first direct is being unfair and unreasonable. But it isn't my role to tell lenders how much money to lend to particular consumers. Lenders are able to use their commercial judgement to decide how much, if anything, to lend to consumers. My role is to ensure such judgement is applied fairly and reasonably; it isn't to substitute my judgement for the lender's.
- In this case, first direct applied its lending rules to Mr and Mrs M. It also reviewed its decision to refuse to lend the amount Mr and Mrs M wanted. It wasn't unreasonable for first direct to look at the amount of unsecured debt. I understand Mr and Mrs M wanted to use the money to pay off that debt but, once they had the money, there wasn't any guarantee they would use it to pay the debt. First direct couldn't pay off the debts for Mr and Mrs M or release the money in tranches, as Mr and Mrs M suggested. I also don't think it was unreasonable for first direct to be concerned that Mr and Mrs M might end up with similar debts in the future.
- Mr and Mrs M have said *"Frankly if banks cannot act responsibly and sensibly they should not even be allowed to lend money at all..."* But the reason first direct turned the request down is because it was acting responsibly. Unfortunately, it isn't at all uncommon for debt consolidation customers to get the new money but either not pay off the debts or pay the debts off but then build them back up to the same level as before. So it's entirely understandable why first direct chooses to build those risk factors into its affordability calculations. The fact that other lenders may choose not to do so doesn't mean first direct is wrong to not have the same appetite for that risk.
- When deciding whether or not to lend more money, lenders have to apply the current mortgage rules and think about whether the mortgage would be affordable. It isn't unfair or unreasonable for a lender to look at all the information about a consumer and based on that, decide the loan may be unaffordable based on its lending criteria. Having considered everything, I'm satisfied first direct dealt fairly with Mr and Mrs M's application to borrow more money.

For these reasons, although I understand Mr and Mrs M's frustration, I don't uphold this complaint.

My final decision

I don't uphold the complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Ms M to accept or reject my decision before 7 April 2021.

Julia Meadows

Ombudsman