

The complaint

Mr E complains that Brent Shine Credit Union Limited trading as My Community Bank (MCB) misled him into believing he was pre-approved for a loan to gain his personal information.

What happened

Mr E had some debts he wanted to consolidate and so looked on an aggregator site, I'll call C. C told him he had pre-approved status for a loan with MCB, so Mr E clicked on the offer and went through to MCB's broker site (MCF)

The headline on the landing page says:

*"Great news Mr E you've been Pre-Approved * for a loan!"*

Mr E took this at face value and proceeded to enter the information he was asked for and was asked to click on a tab to "accept my offer". Above this tab is a box that says:

"Once you accept your quote we'll run a hard credit search.
This gives us more information about your credit history. This search might affect your credit score. Other loan or savings providers will know about the search and they may use this information. This quote is valid for 30 days and will expire on xxx"

Underneath this it says that by accepting the quote Mr E would be agreeing to the MCF's terms and conditions and privacy policy.

Mr E accepted the quote and signed the documents he was presented with following his acceptance. He was then met with a screen saying the information was reviewed. Mr E's loan application was subsequently declined by MCB.

Mr E complained to MCB, as he felt the "Pre-Approved" status was misleading and a way for them to harvest personal information from him with no intention of honouring the offer. He asked them to remove his data from their records and to remove the hard credit search from his credit file.

MCB didn't uphold his complaint they said that Pre-Approved offers are not an absolute guarantee, they included a link to the aggregator website that explains this. They went on to say that as a responsible lender, they have to carry out further checks and they ask for the personal information to be able to do that.

MCB also told him they couldn't delete his data, as there was a requirement for them to retain it.

Mr E was unhappy with this response and so brought his complaint to this service, he told us that the worry of this has had a detrimental effect on his mental health. Our investigator didn't feel Mr E's complaint was one that should be upheld, in summary they said:

While he understood how Mr E had thought he would be getting the loan, MCB hadn't acted unfairly in following its loan stages of taking the information to consider and later declining

the loan. He also explained that there was a regulatory requirement for MCB to keep certain data, so he didn't think they done anything wrong in declining to delete Mr E's data.

Mr E remained unhappy and so the matter has been referred to me to decide.

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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. And while I haven't commented on all the arguments made this doesn't mean that I've not considered everything that both parties have given to me.

Mr E made this application in March 2023. He says he was enticed into the application by the pre-approved status and wouldn't have applied otherwise. Mr E has also told us that he tried to make an earlier application in February 2023 which was also declined but at an earlier stage - before the need to enter his personal information.

The earlier application wasn't a "Pre-Approved" one. Given the quick succession of the applications it's clear Mr E was eager to get a loan, pre-approved or otherwise. So, I don't agree that the pre-approved status was the only reason he applied. I say this as I think, it's more likely than not, he would have continued with the February application and entered his personal details had MCB not declined the application at the stage they did. Given this I can't say MCB have used the status to harvest information from Mr E, that he wouldn't have freely given.

I understand Mr E says he thought the application was approved once he signed the documents, but I think there were enough indicators to show it wasn't yet.

The wording on the website is consistent in saying Mr E was agreeing to a quote, rather than a guaranteed loan.

Prior to this on the landing page there is an asterix next to the "Pre-Approved" wording and if you hover over this it explains:

*"Your application has been **pre-approved** based on the details you've provided. We are a responsible lender and will try to verify your details as well as completing ID, fraud and other checks required by law."*

So, again I think it's clear that the loan wasn't guaranteed, and this was an application.

I haven't thought about the information that was on the aggregator site as this isn't something MCB are responsible for and so I can't comment on it.

MCB have the ultimate responsibility for agreeing the loan and they have a duty to carry out checks to see if based on everything they know Mr E meets their lending requirements. MCB are entitled to decide to lend or not as long as they do so fairly and don't treat Mr E differently to others who have similar circumstances. I've seen nothing to suggest this happened and, on this occasion, unfortunately Mr E just didn't meet their lending requirements.

Overall, I'm satisfied Mr E wasn't enticed to provide information he wouldn't have otherwise have freely given. And the application was a genuine application that was considered before being declined. MCB has an obligation to report factual information to the credit reference agencies, so I won't be asking them to remove the hard credit search they completed from Mr E's credit file.

I know Mr E will be disappointed with this outcome. But my decision ends what we – in trying to resolve his dispute with MCB – can do for him.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 2 March 2024.

Amber Mortimer
Ombudsman