

## **The complaint**

Mr D complains about the actions of Bank of Scotland plc trading as Halifax (Halifax) when he applied for a loan that he intended to use to buy a car. He also complains about the level of service he received

## **What happened**

In April 2023 Mr D applied online for a £25,000 loan with Halifax. He said he intended to use it to purchase a car. He was told the application was successful.

Mr D arranged a day for the car to be collected. In order to finalise the loan and before the money could be paid to the dealership, Halifax asked for the car's registration. Mr D said it was a brand-new car and he intended to register it in his personalised number plate (cherished number plate). Halifax said he must provide them with the standard UK registration first to allow them to pay the dealership and thereafter he could change it to his personalised one once the agreement started.

Mr D said the car dealership had already registered the car in his cherished number plate and to change it, it would incur a cost. Mr D said the dealership provided a registration that could be used to secure the funds but Halifax refused to accept it.

Given the above, Mr D later decided to take out a personal loan with Halifax to purchase the car however he said it was on less favourable terms because the interest rate was higher and he had to put down a larger deposit for the car. He complained and said Halifax should compensate him for the same. He also said he was unhappy about the level of service he received from Halifax.

In regards to the loan application, Halifax said they had followed their internal process and they required the standard UK registration to finalise the loan and pay the dealership. They said they wouldn't speak to the dealership directly and Mr D would be required to do so to get the information they required.

In regards to the level of service provided, another department of Halifax accepted when he called to discuss the above issues with the application, they gave incorrect information that one hadn't been submitted. They accepted he should've been transferred to the department who deals with such loan applications. They paid £40 compensation by way of apology for the confusion caused.

Unhappy with their response, Mr D referred the complaint to our service. Our investigator recommended the complaint wasn't upheld. He concluded Halifax wasn't being unfair or unreasonable in their pre-drawdown requirements.

Mr D disagreed and maintained his stance. He said the dealership were willing to speak to Halifax about the situation but they refused to do so. This meant he had to borrow money at a higher interest rate. He also commented the £40 compensation was Halifax's admission of guilt.

As an agreement couldn't be reached, the complaint 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.

In cases like these it may be beneficial to have a copy of the application and other documentary evidence to determine the between both parties. Halifax has told our service due to the time that's lapsed since the loan was applied for, they are unable to provide the full online application but I have been provided with some system notes. However I believe I have sufficient evidence to reach a fair outcome because the central point isn't in dispute. Both parties agree Halifax said they needed the UK's standard car registration to finalise the loan. What I must decide is whether that was a fair and reasonable requirement. Having done so, I'm satisfied it was. I'll explain why.

The application was made online therefore there was no verbal discussion between both parties at that point. According to Halifax, on the application Mr D said the purpose of the loan was to buy a car. He provided details such as the car's manufacturer, make, model and value but didn't provide the registration. Based on this information, the loan was approved.

However to finalise the loan so Halifax could pay the dealership for the car, Mr D was asked to provide the car's registration. Given the purpose of the loan and the need to pay the dealership directly for the car, I would expect Halifax to ask for the car's registration.

I appreciate Mr D's comments that it was a new car and he intended it to be registered in his cherished plate. However I can understand why Halifax would need the UK standard registration first for their purposes. For reasons similar to those explained by the investigator cherished plates can be removed, transferred and sold so it's important there is a standard UK registration that can be reverted to should any of the aforementioned happen. I can appreciate by not providing the standard UK registration for the application, it poses risks to Halifax should anything happen to the car or the loan. So I don't find this requirement to be wholly unreasonable.

I must also highlight by doing the same didn't prevent Mr D from changing the registration to his cherished one thereafter but for the purposes of the loan application, the UK standard one was needed. Meaning his intentions could still be achieved.

Mr D said as the dealership had already registered the car in his cherished plate, it would incur a cost to change it back to the standard UK registration. I haven't been told how much that would be but I don't doubt a cost would be involved. However it was Mr D's decision to make as to whether he would do this in order to secure the loan he had applied for. I can't reasonably hold Halifax responsible for the same.

Mr D has argued the dealership was willing to speak to Halifax but they refused to do so. He also said the dealership had provided a registration to secure the funds. Halifax said they don't speak to dealerships about such issues, the consumer would have to do so and Mr D was told of the same. It's not clear what the dealership wanted to say or discuss with Halifax but I'm not persuaded it would've been the information Halifax needed. Nor have I seen sufficient evidence the details provided to Mr D by the dealership was the car's UK standard registration. Given the application was being made by Mr D directly, I find the onus was on him to provide the necessary information and Halifax weren't obliged to speak to the dealership.

I'm sorry to hear Mr D was disappointed that he was unable to get the loan he initially applied for. He's said he has been a loyal customer of Halifax over the years and has had a number of financial products with them so I acknowledge his unhappiness.

However I must also consider Halifax's position and taking everything into so account, I find their requirement to have the car's UK standard registration for the loan to be paid to the dealership to be a fair one. As I don't find they've done anything wrong in that regard, I won't be asking them to pay compensation to Mr D.

#### *Other*

I'm aware Mr D has also complained about the level of service he received from another Halifax department when he called to discuss the above loan application. Halifax has already accepted their service should've been better as they didn't correctly identify the right department he needed to speak to. They've paid £40 compensation for the same and I consider that to be fair so I won't be saying they need to pay anything further.

#### **My final decision**

For the reasons set out above, I've decided not to uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 4 March 2024.

Simona Reese  
**Ombudsman**