

## **The complaint**

Mr D complains that Bank of Scotland plc trading as Halifax ,didn't clearly explain his cancellation rights when he took out a loan to refinance and existing loan and to pay off a credit card. He would like Halifax to let him revert to his previous loan.

## **What happened**

The details of this complaint are well known to both parties so I won't repeat them again here. Instead, 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 have reached the following conclusions:-

- I appreciate Mr D's frustration. As I understand it he took out a new loan to refinance an existing loan and to include the balance on his credit card. He says this new loan has a higher rate of interest than his previous loan, and he lost the benefit of the portion of his old credit card which had 0% interest. As a result, he would like to revert to the previous loan as he believed he had 14 days to change his mind.
- We have asked Halifax for a copy of the phone call in which Mr D agreed to the new loan. Unfortunately, it hasn't been able to provide this, but I do believe it has tried to do so. I do however have a comprehensive note of that call, given the detail included I am comfortable this is an accurate summary of what was discussed.
- I have considered if Mr D had a 14-day cancellation right and if the terms of the loan he agreed were made clear to him as these seem to me to be the relevant issues.
- In terms of the 14 day right to change for Mr D to change his mind. Halifax has explained that as the loan was to consolidate existing debts it wouldn't be able to reverse the lending for any debts that were paid off. Mr D did have the usual 14 day cooling off period, but had he exercised this he would have had to pay back the loan in full for any lending which was consolidated for other debts. So, there was a cooling off period but in this case it didn't mean that Mr D could cancel the loan and revert to the position he was in before
- I have carefully read the notes of the call Mr D had when he set up the loan. These confirm what Halifax has told us about the right to change his mind. They state that Mr D was told if he wanted to change his mind about the loan to contact Halifax within 14 days. He would then have 30 days to pay back the full amount of the loan plus any interest that had accrued. That Halifax wouldn't be able to reinstate any existing amount he had repaid using this loan as the accounts would have been closed. This is also stated in the explanation of the loan agreement that I have seen. So, I do believe the financial implications of taking out this loan were made clear to

Mr D

- In terms of the explanation of the loan agreement the notes show Mr D was offered two options - a standalone loan to pay off the credit card whilst keeping his existing loan running or a consolidated loan to cover the existing loan and the credit card debt. Mr D chose the latter. The interest on Mr D's credit card was discussed but at no point did Mr D mention a portion of the credit card had 0% interest. Had he done so Halifax could have taken this into account. Mr D was told the APR, the loan period, the loan repayment amount, and the total amount he would be repaying. Mr D was asked several times if he has any queries and if he understood the loan terms and he confirmed that he did. I think had Mr D explained the 0% interest on part of his credit card Halifax could have considered but as Mr D didn't explain this Halifax it's not something it could have taken into account .
- As I don't feel that Halifax has done anything wrong I can't reasonably ask it to reinstate Mr D's previous loan as he would like

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 March 2024.

Bridget Makins  
**Ombudsman**