

The complaint

Mr R complains that Bank of Scotland plc hasn't explained why a credit card application he made was declined.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

Mr R applied online for a credit card with Bank of Scotland. The application was assessed by Bank of Scotland's automated lending system and declined. Mr R went back to Bank of Scotland and it agreed to manually review his application which was then approved.

Mr R complained to Bank of Scotland when it wasn't able to say why his initial application was automatically declined. Mr R's explained he has an excellent credit score and is a long standing customer of Bank of Scotland so is concerned that his initial application was declined without explanation.

Bank of Scotland issued a final response on 16 August 2024 and advised that it uses an automated score card when looking at credit card applications, based on internal and external information. Bank of Scotland said it is unaware of what is involved in the decision making process by its automated system so couldn't provide the reason why Mr R's application was declined. Bank of Scotland confirmed Mr R's appeal was successful following a manual review and added it always gives customers the opportunity to have a manual assessment if they're unhappy with the initial assessment. Bank of Scotland offered Mr R £40 in recognition of the inconvenience caused.

An investigator at this service looked at Mr R's complaint but didn't ask Bank of Scotland to do anything else. Mr R asked to appeal so his complaint has been passed to me to make a decision.

What I've provisionally 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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Mr R has sent us a copy of some of the information Bank of Scotland gives applicants. It says:

“If we cannot accept your application, we will give you the reason why. Our decision is always based on the information we have about you at the time, including:

- Your credit score – which may show that the risk of lending to you is too high.*
- Our policy on lending – for example you may not meet our lending criteria.*
- Information held by a credit reference agency that shows any adverse credit history.”*

Mr R’s explained that the above information led him to take the view that when his application was declined Bank of Scotland would tell him why. I agree with Mr R’s reading that the above does say that Bank of Scotland will go further than simply saying the automated system declined your application and we don’t know why, which is what the final response essentially says. Mr R wants to know if there’s something specific that caused his application to be declined that he’s unaware of. And I can understand Mr R’s frustration that Bank of Scotland’s responses only said that its system had declined the application.

Whilst I understand why Mr R wants more detail from Bank of Scotland, I can’t force it to reveal potentially commercially sensitive information. In response to this provisional decision, I invite Bank of Scotland to review Mr R’s original application and respond with any more detail it’s able to provide without compromising commercially sensitive lending criteria. But I should explain to Mr R that the rules the Financial Ombudsman Service don’t allow me to compel Bank of Scotland to reveal specific details of its lending criteria.

In my view, there’s a disparity between the information Bank of Scotland gave Mr R when he made his application and the answers he’s been given to explain why it was declined. And I can see that for Mr R it is of particular importance to him to know whether there’s something he’s unaware of that’s impacted his application. I’m satisfied that the difference between what Mr R thought Bank of Scotland would tell him and the response he got has caused him a reasonable level of trouble and upset. I’m aware Bank of Scotland has already offered Mr R £40, but I think an increased payment in recognition of the distress and inconvenience caused is fair. So I intend to uphold Mr R’s complaint and direct Bank of Scotland to pay Mr R a further £100 in recognition of the distress and inconvenience caused.

I invited both parties to respond with any additional information or comments they wanted me to consider before I made my final decision. Mr R responded to confirm he accepts the settlement noted. Mr R also said that after completing a Data Subject Access Request with Bank of Scotland he’d seen more detail about why his application was declined. We didn’t hear back from Bank of Scotland.

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.

As no new information has been provided I see no reason to change the conclusions I reached in my provisional decision. I still think Mr R’s complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr R’s complaint and direct Bank of Scotland plc to pay him a further £100 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 4 February 2025.

Marco Manente
Ombudsman