

## **The complaint**

Miss P complains that she was pre accepted by Bank of Scotland plc trading as Halifax for a loan with an APR of 6.6% but when she went back into her application to edit the loan amount and her salary amount, she was then offered an APR of 12.8%.

## **What happened**

On 5 November 2024 Miss P applied for a loan via the Halifax banking app. She applied for a loan of £19,700 over 5 years and stated her annual salary as £29,000. Miss P was advised that she had been pre-approved for a loan with an APR of 6.6%.

On 16 November 2024 Miss P went back into her loan application to edit it. She edited the loan required to £16,500 over 5 years and edited her salary to reflect her recent pay increase to £31,000. Miss P was offered a loan with an APR of 12.8%.

Miss P was in the process of purchasing a car and felt that she had no option but to apply for and accept the loan at the higher APR.

On 17 November 2024 Miss P contacted Halifax and queried why the APR had increased so much. She didn't receive a satisfactory explanation and raised a complaint. She asked for the loan to be provided at an APR of 6.6%.

Halifax didn't uphold the complaint. In its final response dated 26 November 2024 it said it couldn't provide details of the reason why it offered Miss P a rate of 12.8% because this was part of its lending policy. It explained that APR rates are personal to each customer and based on the information provided during the application as well as information from credit reference agencies. It said the APR was fixed for the term of the loan and couldn't be changed.

Miss P remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said that Halifax had correctly assessed Miss P's loan application and that the lending decision was a commercial decision for the bank and not one with which this service could interfere.

Miss P didn't agree. She said she hadn't made a second loan application but had made amendments to an existing application. She said it hadn't been made clear to her that applications would be dealt with on an individual basis or that the interest rate could change. Miss P said she believed that she had been penalised for making two applications close together when it wasn't her understanding that these would be considered separately.

Because Miss P didn't agree I've been asked to review the complaint.

## **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 know it will disappoint Miss P but I agree with the investigators opinion. I'll explain why.

I've reviewed the loan application journey. This shows that Miss P applied for a loan of £19,700 on 5 November 2024. This was approved with an APR of 6.6%. Miss P didn't proceed with this loan.

The loan application journey also shows that Miss P applied for a loan of £16,500 on 16 November 2024. This was approved with an APR of 12.8%. Miss P accepted this loan.

I appreciate that Miss P has said that she was amending her existing loan application and she doesn't understand why the APR increased when the amount she wanted to borrow had decreased and her stated salary had increased.

I don't think it matters whether Miss P was amending an existing application or making a fresh loan application. In each case the application would need to be assessed.

All providers of finance have their own internal lending criteria which are used to assess applications for finance. There are many factors which are taken into account when a lender assesses a loan. These include – but aren't limited to – the information provided by the applicant on the application form, the loan amount and term, the applicants credit history, the applicants existing levels of debt and external market conditions on the day. Any of these factors could have played a part in the reason for the change in APR offered to Miss P.

I appreciate that Miss P was upset when she saw that the APR had increased. However, looking at the loan application journey dated 16 November 2024, I'm satisfied that the APR was made clear. It was up to Miss P whether she chose to accept the loan or not. Further, Miss P had 14 days after receipt of the loan monies to withdraw from the agreement if she changed her mind.

Having reviewed the available information, I'm unable to find any evidence that Halifax made an error in its assessment of the loan applications. Nor have I seen anything to suggest that Halifax has treated Miss P unfairly.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 6 May 2025.

Emma Davy  
**Ombudsman**