

The complaint

Mr V complains that The Royal Bank of Scotland Plc (RBS) automatically declined his loan application.

What happened

In September 2025 Mr V applied for a personal loan with RBS. His application was automatically declined.

Mr V complained to RBS.

In its final response, RBS said it wasn't able to offer him further lending and that it hadn't made an error in declining the application. RBS provided Mr V with advice on how he could improve his credit score but explained that several factors were considered at the time of application.

Mr V wasn't happy with the response and brought his complaint to this service. He said his credit score was excellent and that he'd lived at the same address for over 10 years and was on the electoral role. Mr V said he had an overdraft facility with RBS which was unused and that any financial difficulties he had experienced as a student 10 years ago were long resolved.

Our investigator didn't uphold the complaint. They said that RBS was within its rights to decide if it wanted to enter into a lending relationship based on its lending criteria.

Mr V didn't agree. He said that RBS hadn't carried out a reasonable creditworthiness assessment before automatically declining his application. Mr V said he'd demonstrated that he was in a stable financial position with a regular income and a strong credit record. He said he hadn't been treated fairly by being automatically declined.

Because Mr V 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 Mr V, but I agree with the investigator's opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. The rules of this service allow me to do this. If I don't comment on a particular point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

It's up to each lender to set their own lending criteria. Lending criteria will vary from lender to lender but will typically include things like credit score, existing credit, credit history, income and debt to income ratio. Information from credit reference agencies and information

included on the application form is also taken into account.

I appreciate that Mr V feels that he is a good candidate for a loan. He's explained that he's already done many of the things that RBS suggested he consider doing to improve his credit score. And he's told this service that he has an excellent credit score.

I understand Mr V's frustration. However, a credit score is one of many factors that a lender takes into account when assessing a loan application. In the final response from RBS, credit score has been mentioned. But the bank has also said that several other factors are considered at the time of application and have given example of existing credit commitments.

RBS isn't obliged to provide specific details of the reason why Mr V's loan application was declined. This is because the lending criteria are considered to be commercially sensitive information. This service can't require RBS to disclose the reason why Mr V's application was declined. What we can do is check that RBS applied its lending criteria fairly.

RBS have a pre-application process and uses its criteria to determine whether a loan application should progress past that stage. RBS has explained that Mr V's application was declined at the pre application stage, based on the information that was known to it at that stage.

Based on what I've seen, I haven't seen any evidence to suggest that RBS didn't apply its pre application lending criteria correctly and fairly.

Mr V has referred to CONC 5.2A.4, which requires a firm to undertake a reasonable assessment of the creditworthiness of a customer before entering into a regulated credit agreement. This means that a business is required to carry out reasonable and proportionate checks before lending, to make sure that the lending is affordable for the borrower. But because Mr V's application was declined at the pre-application stage, there was no loan application to assess.

I appreciate that Mr V feels strongly about this. He's said that he's been a customer of RBS for over 10 years. However, just because there's a long-standing relationship doesn't mean that RBS is obliged to approve Mr V's application. Ultimately, it's up to RBS to set and apply its lending criteria and if it doesn't want to lend to an applicant based on its own risk assessment, it is within its rights to decline the application.

For the reasons I've explained I'm unable to uphold the complaint.

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 Mr V to accept or reject my decision before 9 April 2026.

Emma Davy
Ombudsman