

## **The complaint**

Mr M complains Bank of Scotland plc trading as Halifax (Halifax) acted irresponsibly when it approved a loan for him.

## **What happened**

Mr M says Halifax approved a loan of £8,500 in October 2022 but this was at a time when he was unemployed and already financially fully committed. Mr M says if Halifax had carried out more thorough checks it would have seen the loan was unaffordable. Mr M says he is struggling with his health and this matter has added to his anxiety and stress.

Mr M wants Halifax to acknowledge the loan was irresponsibly lent, refund or reduce the loan amount and review and adjust the interest rate payable.

Halifax says before it approved the loan it relied on information contained within Mr M's application in September 2022, data from credit reference agencies (CRA's) and other industry standard external credit sources. Halifax says it verified Mr M's income and expenditure from those sources and this showed he had a strong net disposable income to meet the new loan repayments.

Halifax says its credit checks showed there were no signs of Mr M struggling financially and felt it had lent responsibly.

Mr M wasn't happy with Halifax's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there were no set list of checks lenders like Halifax must carry out before approving credit facilities, but these should be borrower focused.

The investigator says Halifax carried out financial checks based on information declared by Mr M on his application and data from CRA's and other external and internal sources. The investigator says while a default was registered this was almost four years ago and wouldn't be considered relevant. The investigator says from the information he had seen there was no indication Mr M was over indebted or struggling to meet his existing debts at the time.

The investigator says he felt the financial checks Halifax carried out included an affordability assessment which showed Mr M had a good level of net disposable income (NDI) to meet the new loan repayments and felt overall the checks it had carried out were reasonable, and the loan looked likely to be affordable at the time it was approved.

Mr M didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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 won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear of Mr M's health issues and this must be a source of worry for him. When looking at this complaint I will consider if Halifax acted irresponsibly when it approved a loan of £8,500 in October 2022.

Mr M's complaint centres around his view Halifax failed to carry out thorough enough financial affordability checks, in line with its obligations set out by the Financial Conduct Authority (FCA). Mr M says Halifax didn't verify his income and expenditure accurately and he was in fact unemployed at the time the loan was drawn. Mr M says there were other financial commitments he was responsible for that Halifax hadn't taken into account. Mr M says other similar cases reviewed by this service had been upheld, and this should be considered here.

While I understand the points Mr M makes here, I'm not fully persuaded by his argument and I will go on to explain why.

Despite what Mr M may think here, as the investigator has pointed out there are no set list of checks lenders like Halifax must carry out before approving credit facilities to meet the direction set by the FCA, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Halifax what those checks must consist of, or from what sources those checks should come from.

From the information I have seen, before the loan of £8,500 was agreed, Halifax carried out credit searches, income and expenditure assessments and referenced information contained in Mr M's application, in which he declared he was employed earning a net income of circa £2,217 per month.

From the bank statements I have seen for the six months preceding the loan drawdown in October 2022, Mr M's net monthly income averaged £2,230 and for the three months preceding this averaged £2,609 per month, so Halifax's reliance on Mr M's income of £2,217 per month seems reasonable.

From the information I have seen there were no indications from Halifax's financial checks of any signs of any recent financial pressure such as CCJ's, defaults or missed payments only a historic default approaching four years previous. So with that in mind I wouldn't have expected Halifax to have asked for any other supplementary financial information here.

I can see Halifax used Mr M's declared housing expenditure, CRA data and other industry standard external sources to assess his essential living costs and external debts, and its affordability assessment showed Mr M had a net disposable income of around £842 per month to meet the new loan payments of £156 per month.

Mr M says he was responsible for paying other financial commitments taken out in family members names, but these weren't taken into account by Halifax. While I understand that, Halifax when assessing affordability could only uncover debts in his name from the CRA's, unless he had declared these in his application at the time and I can't see that he did.

It's also worth saying here the purpose declared for the loan was to clear other external debts, which if used for that purpose would have improved Mr M's net disposable income further. While Mr M didn't seem to use it for that purpose, I can't hold Halifax responsible for that.

Mr M says his income had reduced and this could be seen in his October 2022 bank

statement, but this was at the time the loan was drawn, so it's reasonable to say Halifax would have made its lending assessment at the time of the application in September 2022. With that in mind, I am satisfied Halifax wouldn't have been aware of any income drop, unless Mr M had informed them of that, and I can't see he did.

So from the information I have seen I am satisfied the checks Halifax conducted at the time were reasonable and proportionate and its lending decision was fair for the reasons I have already mentioned.

Mr M has referred to other cases upheld by this service, but my role is to look at what's fair and reasonable in the individual circumstances of a complaint and I can only consider each case on its own individual merits.

I've also considered whether Halifax acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr M will be disappointed with my decision, I won't be asking anymore of Halifax here. I would recommend Mr M takes up the offer that Halifax suggested, to talk to them about his financial position so it can consider a more affordable repayment plan going forward.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 February 2026.

Barry White  
**Ombudsman**