

complaint

Mr and Mrs S complain that they were put under unreasonable pressure by Lloyds Bank plc to accept a re-structuring of their financial arrangements, which included taking out a new loan to consolidate existing debt on another loan and a credit card. They consider that this new loan was mis-sold, and has contributed to them subsequently having financial difficulties. They want an apology from the bank and compensation.

background

In 2012 the bank offered a financial review to Mr S, and suggested potential debt re-structuring options. These included transferring an existing loan and the outstanding balance on a credit card to a new loan. Although the interest rate would be higher on the new loan compared to the old one, the rate would be considerably lower than on the credit card debt.

Mr S says that he felt pressured by the bank to re-structure the debt in the way suggested. He did not sign up to the new loan at that point, however. Mr and Mrs S later made another appointment with the bank and accepted the loan offer.

Subsequently Mr and Mrs S have found their financial situation increasingly strained, and they attribute this in part to the loan that they say the bank aggressively pushed them to take. They have also seen newspaper articles about the bonus-led sales culture of Lloyds Bank, and want to be satisfied that the loan was not mis-sold to them.

Our adjudicator did not recommend that the complaint should be upheld. She concluded, in summary, that the new loan put Mr and Mrs S in a better financial position because the interest rate on the total debt was lower.

Mr and Mrs S did not accept the adjudicator's conclusion. They said, in summary, that they were placed under extreme and unwarranted distress to take out a new loan which they had not wanted or requested. In response, our adjudicator noted that Mr and Mrs S had not accepted the loan offer until a later meeting, and had acknowledged that they had been made aware of their cancellation rights.

Mr and Mrs S replied, in summary, that they did not question the figures presented about the lower overall interest rate, but objected to the bank's sales tactics. They again referred to the various press comments about Lloyds Bank's sales culture.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusions as the adjudicator, and for broadly the same reasons.

While I have read the press articles provided by Mr and Mrs S in support of their claim that the loan was mis-sold to them, I can only look at the individual circumstances of this complaint in reaching my decision here. I note, however, that Lloyds has already said that the bonus scheme referred to in the press did not relate to personal loans of the type sold to Mr and Mrs S.

I was not present at either meeting with the bank, and so cannot be certain of what exactly was said to Mr and Mrs S. However, having reviewed the evidence provided by both parties I am not persuaded that the sales process was so aggressive as to constitute a mis-sale of the loan. My reasons for doing so are:

- The new loan reduced the overall interest rate being charged on the debt. Moving the credit card debt on to the loan also provided a regular repayment arrangement for that debt.
- The bank's evidence, including the credit-scoring that it undertook, shows that it looked at more than one option for re-structuring Mr and Mrs S's debt. The bank says that this included a potential re-mortgage, but this was an option not followed up by Mr and Mrs S.
- Mr and Mrs S did not accept the loan until a subsequent meeting, arranged at their request. I would not have expected them to have that meeting if they thought the bank's previous approach had been unreasonably aggressive, or the suggested loan unsuitable.
- Mr and Mrs S have confirmed that they were aware of their cancellation rights, which existed after they had left the bank's offices. If, on reflection, they were unhappy about the suggested loan, they had the ability to withdraw from the arrangement.

I am not persuaded that the new loan was a contributory factor to the subsequent worsening of Mr and Mrs S's financial position. Indeed, it seems possible that their position would have been worse without the new loan, because it was at a lower interest rate and cleared a credit card debt.

I therefore conclude that it is not fair and reasonable to require Lloyds Bank to make an apology or pay Mr and Mrs S compensation.

my final decision

My decision is that I do not uphold this complaint.

Malcolm Rogers
ombudsman