

complaint

Mr and Mrs W complain that HSBC Bank plc unfairly set up an expectation that their mortgage application would succeed if they cleared unsecured debt. Although they acted on that advice, HSBC then declined their mortgage application.

To resolve this complaint Mr and Mrs W feel HSBC should at least cover their out of pocket expenses run up on a house hunting trip when they thought their plans were going ahead. And they don't consider that £25 worth of shopping vouchers HSBC sent them is fair compensation.

background

Our adjudicator couldn't say with certainty what had been discussed at the bank when Mr and Mrs W first enquired about taking out a loan. And HSBC and Mr and Mrs W remembered things differently.

Mr and Mrs W had been left with a positive impression. They thought they'd get the mortgage they wanted if they paid off some debt. But our adjudicator felt the point about paying off debt came up for discussion because when the adviser put information Mr and Mrs W provided into the bank's system, as things stood they *didn't* meet the bank's lending criteria. So our adjudicator thought it was reasonable for the bank's adviser to suggest they clear unsecured debt before going ahead with a full mortgage application.

Our adjudicator said HSBC had sent vouchers in recognition of inconvenience Mr and Mrs W experienced when they'd tried to set up appointments at the bank. Overall, she didn't recommend upholding the complaint.

Mr and Mrs W feel strongly that by forwarding vouchers HSBC are admitting fault. They suggest meetings should be recorded or minutes taken to avoid discrepancies which could lead to ambiguities. They're suspicious about the bank's motives in recommending paying off debt (which included an account with HSBC). So the complaint has been referred to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I sympathise with Mr and Mrs W. But I agree with our adjudicator. Here's why I say this.

I've no reason to doubt that Mr and Mrs W are sure about what they've told me and certain of their facts. I appreciate they thought, after making initial enquiries with the bank's adviser, that they'd be able to get a mortgage when they applied for one. But I can't uphold Mr and Mrs W's complaint just on the basis of what they say or what they thought. I must look impartially at all the information before making a decision. And where there's a dispute about what took place I have to decide what's *most* likely taking into account all the evidence and wider circumstances.

Mr and Mrs W say they provided details of their savings and their outgoings. And that they were told it'd be better if they didn't have any debts outstanding, and advised to go away and pay off their unsecured debts.

Based on the information I've seen, I think the adviser saw that Mr and Mrs W didn't satisfy the bank's credit scoring process. But it's unlikely she knew (or could've reasonably guessed based on what Mr and Mrs W told her) exactly what information was recorded on Mr and Mrs W's credit files. Despite what Mr and Mrs W thought, the bank didn't carry out a full search with credit reference agencies at that initial meeting. And, as they'd mentioned having unsecured debt outstanding at the time, I think it was fair and reasonable to advise that clearing this was likely to improve Mr and Mrs W's financial standing.

Although Mr and Mrs W say they admit their credit record wasn't good, I can't see that they discussed this with the adviser in any detail. Generally, paying off unsecured debt *would* improve the chances of a mortgage application being successful. It's unfortunate that if there are defaults showing on a credit file, then clearing unsecured debt isn't necessarily enough to meet a bank's lending criteria. Based on the information I've seen, I think there's probably some credit information that impacted adversely on Mr and Mrs W's chances of qualifying for a mortgage with HSBC. I don't find there's any evidence to suggest HSBC has been guilty of age discrimination.

On balance, looked at overall, I'm not persuaded I can fairly say that HSBC has acted wrongly, unfairly or unreasonably. I think HSBC has been genuinely concerned about Mr and Mrs W's complaint and the vouchers it sent reflect that as opposed to being an admission of liability. I consider the vouchers a gesture of goodwill that fairly addresses any inconvenience Mr and Mrs W were put to trying to arrange an appointment to make their mortgage application. I don't require the bank to take any further action.

Different banks have different lending criteria. I'd suggest Mr and Mrs W check their credit files, make sure the information is accurate and get it updated if not. Some mortgage brokers can assist customers with impaired credit records - although the borrowing might be more expensive. I hope this is useful to know if Mr and Mrs W still want to go ahead with their property plans.

my final decision

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 18 December 2015.

Susan Webb
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