

## **complaint**

Mr S complains about The Royal Bank of Scotland Plc ('RBS'). He thinks its online application process is misleading.

## **background**

Mr S wanted a loan from RBS. But he found the process confusing and misleading. When he applied through the website it indicated he was eligible for a loan. But the application was refused and RBS won't explain why. And he'd like the searches removing from his credit file.

RBS said its website was designed to inform customers about its available products. It includes information about personal loans and the rates currently on offer if the customer meets the eligibility requirements. The bank said it's clearly stated on the website that lending is based on the individual's financial circumstances. A full credit check is required to decide if a customer is eligible.

When RBS reviewed Mr S's account it could see he was eligible for a loan of £16950 following a previous application in December 2017. The loan was approved but Mr S hadn't drawn it down. When Mr S applied for a loan of £25000 later in December it'd been declined. RBS said it wouldn't give specific details why applications are rejected. However it would be happy to consider a loan for a smaller amount.

Mr S wasn't satisfied with RBS's response. So he contacted our service and our investigator looked into the matter. He didn't think the website was misleading customers. And he felt making a number of applications in a short space of time would usually reduce the likelihood of an application being accepted. He explained it wasn't the role of our service to tell businesses what to do. So he couldn't ask RBS to change its online eligibility checkers.

Mr S didn't agree. He said RBS had discouraged him to withdraw the loan. And the bank might be breaching regulations if it didn't take into account all of the relevant details. So he's asked for an ombudsman's final decision.

## **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 can understand Mr S's concerns. He feels the bank's website encourages customers to apply for loans when there is no guarantee they will be approved. So I've looked carefully at everything that he, and RBS, has said.

Mr S used the online eligibility checker to begin the process of applying for a loan. But the checker asks for a very limited amount of information and doesn't guarantee acceptance. RBS has explained it's just the first step. If a customer wants to proceed a full credit check would be needed. And I think that's a reasonable approach.

I can see Mr S has made a number of applications for loans from RBS during December 2017 and January 2018. Some were rejected and one application was cancelled. The application for a loan of £16950 on 1 December was approved but Mr S didn't draw it down.

Mr S says he was persuaded not to proceed but there aren't any notes on the bank's system. I don't doubt Mr S's version of events but without further evidence it's difficult to be sure exactly what has happened.

I can see the application for £25000 was made a couple of weeks after Mr S had been approved for the loan of £16950. And the later application was declined by the bank. It's possible the number of applications being made affected how RBS responded. I realise Mr S is concerned about his application history showing on his credit file. But I can't ask RBS to remove them. They represent a true reflection of the applications he's made.

Mr S says RBS is misleading potential customers who use its online tools. And I appreciate what he says. But the application is only approved or declined after further credit checks. And the website has a number of explanatory and warning messages.

As our investigator has explained, it's not our role to look at RBS's business practises. That's the role of its regulator the Financial Conduct Authority. Our role is to assess what impact any mistake might have had on its customers. RBS has explained it runs a full credit check when considering applications. And I don't think it's unfair for a bank to keep its processes confidential for business and security reasons.

Based on everything I've seen, I can't really say RBS has done anything wrong. The online checker is just the first step in a loan application that involves further searches and checks. And RBS carried out its usual processes when considering Mr S's applications.

Although this isn't the outcome Mr S wanted, I hope this shows I've fully investigated his complaint. Although I won't be asking RBS to do anything more, I'm sure the bank reviews the outcome of all of the complaints it receives to see if it can improve things.

### **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 S to accept or reject my decision before 20 April 2018.

Andrew Mason  
**ombudsman**