

complaint

Mrs and Mr A complain that Cheltenham and Gloucester Plc put incorrect income figures on their mortgage application forms, which meant they borrowed more than they could afford. They want some of the debt to be written off and other repayments to be adjusted.

background

In 2005 Mrs and Mr A arranged a mortgage with C&G to buy their home. The main income to support the application was Mr A's earnings on a self employed basis. In 2006 and 2007 they applied to the bank for further secured loans which were agreed. The loans were to consolidate existing debts. On both occasions the income to support the loans was Mr A's self-employed earnings. Due to health problems Mr A is no longer able to work and the mortgage repayments are unaffordable.

Mrs and Mr A say that the additional consolidation loans were always unaffordable and should have been declined by the bank. They say that the mortgage adviser at the bank falsified the income figures on their applications. They have provided accounts for Mr A's business which show much lower income. They say that this is irresponsible lending and should be written off.

The bank says that the income figures were clearly shown on the application forms which Mrs and Mr A signed as correct; that the income was the same as shown on the original mortgage application and that the total repayments were clearly shown on the loan agreements which Mrs and Mr A signed. They did not verify the self employed income figures that were provided.

The adjudicator did not recommend that the complaint should be upheld. She concluded, in summary, that Mrs and Mr A were aware of the level of repayments required and if they were concerned they could have raised this at the time. Mrs and Mr A said the loans would not have been offered if the bank had not put in the incorrect income figures.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have no evidence of what was discussed concerning Mr A's income at the time the applications for additional borrowing were completed. I recognise that the bank did not ask for proof of Mr A's earnings. But, I find that the figures quoted were the same as, or similar to, those in the original mortgage application. I find that Mr A's earnings were clearly set out in each of the application forms which were signed by Mrs and Mr A to confirm that all of the figures were correct. I also find that the loan agreements clearly set out the total repayments required and were also signed by Mrs and Mr A. I consider that, if evidence of earnings had been required, the loans may not have been agreed, but I do not conclude that the bank was required to ask for this information. I recognise that Mrs and Mr A are experiencing financial difficulties due to Mr A's ill health, but I consider that the lending was intended to reduce total borrowing costs.

I find no evidence that the bank falsified the income figures on the applications. I am satisfied that the bank followed its normal procedures and that all of the necessary information was provided to Mrs and Mr A. I find that Mrs and Mr A confirmed the income

figures on all of the applications. I conclude that I cannot fairly require the bank to write-off any of the loans outstanding.

my final decision

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

John Thornton
ombudsman