

Complaint

Mr M complains that Bank of Scotland plc lent irresponsibly when it approved a loan for £3,000 in August 2015.

Background

Mr M applied for a loan online with Bank of Scotland on 10 August 2015. In the application, Mr M told Bank of Scotland he earned £1,150 a month and had commitments of £200. Bank of Scotland's online application system approved the loan and it was released to Mr M.

Loan payments weren't maintained and the arrears level built which meant Bank of Scotland decided to default the loan in October 2016. Mr M has since repaid the outstanding balance.

Mr M complained to Bank of Scotland about its decision to approve the loan. He explained that information on his credit file should have shown he was struggling. In addition, Mr M has told us he has suffered with a gambling addiction over the years and this should have been clear to Bank of Scotland when he applied.

Bank of Scotland replied on 21 November 2018 but didn't uphold Mr M's complaint. It said it had checked affordability before deciding to proceed as well as Mr M's credit file. Mr M referred his complaint to our service and it was passed to an investigator. The investigator thought Bank of Scotland had dealt with Mr M's complaint fairly so didn't ask it to take any further action. Mr M asked to appeal so his complaint has been passed to me to make a 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.

Mr M has sent us his credit file and bank statements from the period around his loan application. I can see Mr M's bank statements show he was gambling at the time he applied for the loan. And Mr M's credit file shows he had other credit at the time. But I have to balance that against the information Bank of Scotland used to assess Mr M's application.

Bank of Scotland has sent us a copy of Mr M's application and it shows the information he provided. I know Mr M says his outgoings and commitments were higher than the £200 figure used in his application. But Bank of Scotland relied on the information Mr M provided to base its lending decision. And I think that's reasonable. Looking at the income Mr M declared along with the outgoings figure he gave, the loan does appear to be affordable.

Mr M says his credit file should have showed he couldn't afford the loan. But whilst Mr M's credit file shows he had other credit at the time he applied for the personal loan, Bank of Scotland took that into account as part of the application process. I'm satisfied that Bank of Scotland looked at Mr M's credit file and considered the information it found when Mr M applied for the loan in 2015.

I'm very sorry to disappoint Mr M but I'm satisfied Bank of Scotland completed proportionate checks to ensure the loan was sustainable when he applied. Based on what Mr M told Bank of Scotland and what it found out as part of the application process, I think the decision to approve the loan was reasonable. I haven't found that Bank of Scotland lent irresponsibly

when it approved Mr M's loan in August 2015. As a result I'm not telling it to do anything else.

My final decision

My decision is that I don't 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 28 March 2020.

Marco Manente
Ombudsman