

## **complaint**

Ms H complains on behalf of her mother Mrs B. She says that TSB Bank plc sold Mrs B a personal loan without first checking that she could afford the repayments.

## **background**

Mrs B had a number of outstanding debts. She says the bank contacted her and she consolidated a number of those debts into a single larger loan. The bank say that she told them she wanted to make one single monthly payment, rather than multiple payments. She told them of all the debts she wanted to clear, except for one card she wanted to keep because it had additional benefits. The bank say that she provided them with details of her income and outgoings and they used that to work out what she could afford to borrow.

Part of the consolidation loan was used to pay off an existing loan. The new loan was at a higher rate of interest than the old loan. The bank say they explained this to Mrs B and she was happy to go ahead because it meant that she ended up with a lower monthly payment, and she had an end date to her debts - she had previously just been making minimum payments on many of her cards.

Ms H, on behalf of Mrs B, says the bank didn't make proper checks before giving her mother the loan. She says that the income on which the loan was based was the joint income of her mother and father and as the loan wasn't a joint loan her father's income shouldn't have been taken into account. She also says that the bank didn't properly consider her mother's expenses when deciding what she could afford.

The adjudicator initially had some concerns about the way the loan had been sold to Mrs B but found that Mrs B hadn't been put in a worse position by having taken it , so he didn't uphold the complaint.

Ms H didn't think this was the right decision. She still felt it was wrong for the bank to give her mother a loan of this size when she didn't have the income to allow her to repay it. She also felt that her mother wouldn't really have understood the effect of swapping the lower rate loan for the higher rate loan.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The bank's records show that at the time she took out the loan, Mrs B told the bank that her income came from her pensions. The records also show that she told them her husband paid most bills from his account. I think it is reasonable for the bank to have relied on what she said when they decided how much she could afford to borrow.

Lenders should lend responsibly, and they should assess whether a loan is affordable before they agree to lend. I think TSB did that here. The information the bank recorded indicated that Mrs B had enough money coming in to cover the monthly loan payments. I'm satisfied that Mrs B met the bank's requirements for a loan, based on what its records say they knew about her circumstances.

Ms H is concerned that her mother ended up with a new loan which had a higher rate of interest than the one she had before. This is right but the bank's records satisfy me that Mrs B's priority was to reduce her monthly payments and to have a definite end date to her debts. She also wanted to have a single monthly payment because she was concerned about missing payments. The new loan did all of that.

I can see that Mrs B made payments on the new loan without any issue and problems only arose when her husband died and his pension stopped. I can't say that the original decision to lend to Mrs B was irresponsible on the evidence I have seen.

**my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 30 December 2015.

Nicola Crabb  
**ombudsman**