

## **complaint**

Miss T complains Bank of Scotland plc gave her a credit card and loan both of which were unaffordable.

## **background**

Miss T took out a credit card with Bank of Scotland in 2006 and a loan in 2011. Shortly after taking out the loan Miss T entered into an IVA saying she could not pay her debts.

Miss T subsequently complained to Bank of Scotland that the credit card and loan it gave her were unaffordable. She asked Bank of Scotland to write off the outstanding balances and return all the payments she had made towards her credit card and loan. She said that she was on benefits at the time and has problems with her mental health.

Our adjudicator did not recommend that Miss T's complaint be upheld as she did not consider the lending was unaffordable, nor did she consider there were signs that Miss T was in financial difficulties before she applied for an IVA. Miss T disagreed saying that she only made five payments towards her loan before she was unable to pay any more. She also said that Bank of Scotland had not asked enough about her circumstances when she took out her credit card. An ombudsman was, therefore, asked to consider her complaint.

## **my findings**

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

Miss T has said that Bank of Scotland should not have taken her income into account when deciding whether she could afford her borrowing because her income is based on benefits. She has also pointed out that she has problems with her mental health.

## **how would we expect a bank to treat a customer with mental health issues?**

I can understand why Miss T says what she has, but we would not expect a bank to refuse to lend to a customer simply because they had mental health issues. That could arguably amount to unfair discrimination. Instead, we would expect a bank to lend responsibly. Equally the fact that a customer's only source of income is benefits, just like mental health issues, is not a reason in itself to refuse to lend. In such circumstances, we would expect a bank to consider whether it was responsible to lend to the customer in question just like any other customer.

**was Miss T's credit card affordable when taken out?**

I have seen Miss T's credit card statements and evidence from Bank of Scotland of the checks it carried out before issuing Miss T with this card. Although I can see that Bank of Scotland raised Miss T's credit limit to £9,000, she did not use all of her available limit. Instead, she used around a third of it and she kept up with her minimum repayments each month. I cannot say, given everything I have seen, that the credit card was unaffordable when it was taken out.

**other complaints about the credit card**

In the course of her complaint, Miss T said that it was unfair that Bank of Scotland has treated some gambling transactions on her credit card as cash transactions. I can, however, see from the terms and conditions of Miss T's card that Bank of Scotland is entitled to do this. I cannot, therefore, say that it made a mistake doing so.

**was Miss T's loan unaffordable when taken out?**

I have seen Miss T's loan statements and evidence from Bank of Scotland of the way her application, which was online, was handled. Although I can see that Miss T stopped making payments shortly after she took out the loan, I cannot say that the loan was unaffordable when it was taken out.

**has Bank of Scotland treated Miss T fairly?**

Bank of Scotland has told us that the first it knew Miss T was in financial difficulties was when she applied for an IVA. I am satisfied that this is the case and that there is no reason why Bank of Scotland should have noticed Miss T was having problems any earlier.

Miss T has complained to us about the setting up of her IVA so I do not want to say much about that. I can, however, see that Bank of Scotland agreed to accept reduced payments towards the debts Miss T has with them. I do not think it would be fair, given what I have said above, to expect Bank of Scotland to go further than this at this stage.

I can understand why Miss T has complained to us about Bank of Scotland – her life is not easy at the moment. I cannot, however, say that Bank of Scotland has treated her unfairly given everything I have said above. I am not, therefore, going to uphold her complaint.

**my final decision**

My final decision is that I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss T to accept or reject my decision before 28 May 2015.

Nicolas Atkinson  
**ombudsman**