

complaint

Mr R complains that in providing him, and continuing to provide him, with a preference card (a revolving credit facility), Bank of Scotland Plc was irresponsible. He says the bank must have known he could not afford the repayments, or the interest, and so is in part responsible for his debts. Mr R also complains about the nature of the credit facility and the rate of interest charged.

background

The bank provided Mr R with a revolving credit facility in March 1998. The credit limit was £10,000 until August 2009 when it reduced to £9,950. It was reduced again between March 2010 and August 2011.

The bank says that no information is now available about the original application and approval of this credit provided to Mr R. It says that, in 1998, income and expenditure details would have been collected and a credit check carried out.

Mr R says that the bank is in part responsible for his debts because it lent him money and continued to lend him money without taking into account his ability to repay the debt. He says he was locked into the arrangements, and he had to re-borrow to repay.

The adjudicator did not recommend this complaint be upheld. She thought that it was likely the bank provided the credit facility to Mr R on the basis of a credit score, and it was also likely Mr R had provided details of his income and employment status at the time. She also considered that Mr R should have contacted the bank to tell it about his financial difficulties sooner, and it was not reasonable to expect that the bank would have known about Mr R's difficulties otherwise. She thought this was particularly the case since for a large part of the period payments to the credit facility were maintained.

Mr R disagreed. He said, in summary, that the bank was in part responsible because it was obvious from the interest charged and his income that he could not afford to repay the borrowed money.

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 must have regard to – amongst other things – relevant law and codes of practice. I have considered all of Mr R's points about the OFT's irresponsible lending guidance. It is not, however, straightforward to say that a bank should not have lent to a consumer.

In this case, Mr R says that *"at some point in the past we became overstretched, got into some debt and simply did not know how to deal with it"*. He says that the amount lent to him was clearly unreasonable compared to a household income of £36,400 a year. But Mr R says this not only because of the credit facility provided by the Bank of Scotland, but on all his debt, across all lenders. I do not consider that it would be reasonable to conclude that, because of Mr R's borrowing across many lenders over a long period, the bank could, or should have, concluded that Mr R's credit facility should be withdrawn.

Mr R says that his ignorance and fear made him vulnerable, and he did not know how to handle his debt problem, so more and more debt built up and made the situation worse. He says that he incurred more debt to repay existing debt. He feels that the banks are responsible for this, as the situation could only have been created by the extension of credit facilities. Mr R does not point to any particular circumstances, other than his unwillingness to approach the bank to alert it to his difficulties and seek a suitable arrangement to repay. While I appreciate Mr R feels very strongly about these points, it would not be reasonable for me to conclude, in these circumstances, that the bank should have known about Mr R's situation.

Mr R also complains about the interest rate charged and, as part of his arguments about his debts being unaffordable, complains that the revolving credit facility is a very insidious form of lending. It may well be the case that Mr R could have taken action sooner than he did to manage his debts in a more affordable way, but it does not follow that the bank should have withdrawn a particular facility without Mr R seeking a different arrangement. In the circumstances of this case, it would not be reasonable to conclude that the bank was at fault because of the nature of the credit facility provided to Mr R.

On balance, I am not persuaded that I can conclude that the bank should not have provided the credit facility, or should not have continued to provide it, to Mr R.

my final decision

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

Heather Clayton
ombudsman