

## **complaint**

Mr C complains that about the lending that Bank of Scotland plc ("BoS") made to him. This complaint deals with his credit card account.

## **background**

Mr C said that he was given bad advice by BoS about consolidating his debts, then allowed to borrow again. He has complained to our service about a mortgage, a loan, a credit card account and an overdraft. He wants BoS to accept that it gave him bad advice, and to pay him compensation.

Mr C has told us about difficulties with his personal and family circumstances, which mean that he is facing a likely reduction in his income. He has told BoS about these problems, and in response it has brought his existing debts in house. It says that it won't involve agents in collecting on these debts in future. It also froze the charges on his current account in July 2018, and it said it would like him to set up a repayment agreement.

In addition, Mr C has told BoS that he has a gambling addiction. He said he'd told BoS about that in 2010, when he went into a branch to extend his mortgage, so he thought it should've taken that into account when he asked it to loan him more money. He said that the lending that BoS had made had only fuelled this addiction, and he thought that BoS was partly responsible for that.

BoS said it didn't think Mr C had told it that he had a gambling addiction before 2018. It said that it doesn't monitor its customers' accounts to see what they are spending their money on.

BoS said it had opened a credit card account for Mr C in August 2013, with a credit limit of £6,500. And it had increased his credit limit in June 2014 to £7,250. It thought that this lending was affordable for Mr C.

But BoS said that it had lent Mr C some money, through a loan, in 2014. It thought that this loan was intended to pay off his credit card, and his overdraft. But it hadn't reduced his overdraft or his credit card limit then. BoS said that when Mr C started to use his overdraft and his credit card again, the total amount of lending he then had may have become unaffordable for him as a result.

So BoS did something about that. It said that it would refund all the overdraft and credit card charges it had applied to Mr C's current account and credit card account since July 2014. Separately, it had also offered to refund just the overdraft fees. That meant that BoS was actually "refunding" £418.83 more than he had been charged. But when it realised that, it said that it would still do that.

BoS used some of the refund to repay all of Mr C's credit card borrowing, and it closed his account. It used the rest to repay part of Mr C's overdraft, and it reduced his overdraft limit at the same time.

Our investigator didn't uphold this complaint. He said that BoS should've significantly reduced Mr C's credit card limit, or even closed his card account, in July 2014, when he took out a loan to clear the card debt. Our investigator thought that BoS made a mistake when it failed to do that. But he said that BoS had refunded all of the interest and fees that Mr C had paid since July 2014 on his credit card account, which was enough to clear the debt. The

account has now been closed. Mr C was also refunded an additional £418.83. So our investigator thought that BoS had done enough to make up for what had gone wrong.

Our investigator said that he couldn't see any evidence that Mr C had told BoS about his gambling addiction before 2018. So he couldn't say that BoS had done anything wrong.

Mr C didn't agree with that. He said that BoS has been harsher on itself than our service has. He wanted an ombudsman to consider his complaint, so it was passed to me for a final 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. I've reached the same overall conclusion on this complaint as our investigator, and for broadly the same reasons.

I've asked BoS whether it has any records of Mr C telling it that he had a gambling problem before 2018. It says it doesn't. And I haven't been able to identify any evidence that Mr C did tell it this earlier. But BoS has now shared with our service the statements from a cardcash account, which over the six years preceding this complaint seems to have been used almost exclusively for gambling transactions. Although BoS says it doesn't micromanage its customers accounts, it would be difficult for me to conclude both that BoS wasn't aware that Mr C was spending substantial sums in this way, and that it shouldn't have been aware of that.

However, BoS has also said that gambling is a legal and legitimate form of entertainment. I don't think that BoS should've refused to lend to Mr C, solely because it could see that he was spending money on gambling transactions.

I can see that Mr C has mentioned when talking to BoS about the lending it made to him, that he has previously had arrears, defaults, and two attempts to repossess his home. I don't know when those problems happened. I can see that Mr C had problems repaying debts after 2015, but I don't have evidence to suggest that he was having financial difficulties before this.

So I asked Mr C if he would share with our service his full credit file, so I could consider his overall borrowing position at the relevant time, when I looked at each decision that BoS had made to lend him money. Mr C has sent us an overview of his credit file, but not the full file. So I don't have the detail which would allow me to see his overall credit position when he made lending applications to BoS.

Our service has explained to Mr C that without this, we wouldn't be able to double-check whether BoS took account of the wider picture when it lent him money. Mr C has asked us to go ahead and make a decision on the basis of the evidence we have, so I will do that.

BoS has repaid all of the fees that Mr C paid for credit card borrowing after July 2014, because it said that it should've either reduced his card limit, or closed the card account then, when it made a loan to him that was supposed to be used to clear that card debt. That's what I'd expect BoS to do, if it wasn't clear that it had lent this money responsibly. I think that provides a fair outcome to that part of Mr C's complaint.

So the main issue I have to consider is whether BoS should've lent Mr C money by opening this card account for him in August 2013, or increasing his credit limit in June 2014.

BoS opened this credit card account for Mr C in August 2013, with a £6500 limit. BoS has sent calculations showing Mr C's overall financial position when it did that. I've looked at this carefully, and it appears to me, from the information I have, as if BoS has a clear view of the amount of money Mr C was being paid at that time, and the lending that had already been made to him. And it looks as if there was then some surplus which could be used to repay this credit card. I don't think that I can say, on the information I have, that its more likely than not that this card wasn't affordable for Mr C when BoS opened the account.

When Mr C first got this card, he made a balance transfer to pay off a credit card held elsewhere at the time. Later in 2013 he also took a considerable amount of money out in cash transactions. But in the months that followed, he made all of his repayments at well over the minimum amount required. He remained within his credit limit. He cleared the full debt on the card in February 2014, and his card stayed at a nil balance for some time, before he started to use the card again in May.

Mr C had only used about half of the credit available to him on the card when BoS took a decision to increase his credit limit to £7,250 in June 2014. This was a relatively modest increase, on a card which appeared to be well managed at that time. BoS hasn't provided a separate affordability calculation for this increase, but I do have information on lending decisions made for Mr C both before and after this. And I don't think it was unreasonable for BoS to conclude, in June 2014, that Mr C could manage a slightly higher credit limit. I don't think that I can say, on the information I have, that its more likely than not that this increased limit on his card wasn't affordable for Mr C then.

I know that Mr C will be disappointed by my decision about the credit card lending made to him, but I don't think that I can conclude that BoS acted irresponsibly by giving him this card in 2013, or increasing his limit in June 2014.

I do think that BoS made a mistake when it failed to reduce Mr C's card limit, or even close this card account altogether, in 2014, even though it had made him a loan intended to pay this card debt off. But I think that BoS has accepted that. And it has already done what I would expect it to do, to make up for that. So I don't think it has to do any more now.

I'm sorry to have to tell Mr C that I don't think his complaint about the credit card lending made to him by BoS should be upheld.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 March 2019.

Esther Absalom-Gough  
**ombudsman**