

## **complaint**

Mr and Mrs A complain that Halifax gave them an unsuitable solution to their debt problems in arranging to consolidate unsecured loans to their mortgage. Mr and Mrs A said they were unable to sustain their level of debt and the further advance put them under more pressure. They said Halifax should have advised them to seek help rather than give them a loan.

## **background**

In 2009 Mr and Mrs A agreed an additional secured loan of £28,300 with Halifax in order to consolidate some of their debts and reduce their monthly outgoings.

Mr and Mrs A's financial difficulties became more acute in 2010 and they subsequently contacted the Citizens Advice Bureau for assistance.

Mr and Mrs A said that the loan was unaffordable and didn't deal with all their other credit card and business debts. Halifax said it assessed the further advance as affordable on the information provided by Mr and Mrs A.

The adjudicator did not recommend that the complaint be upheld. She said the loan allowed Mr and Mrs A to reduce their monthly outgoings on unsecured debts and appeared to be affordable. Mr and Mrs A said that in facing their financial problems they were prepared to accept any glimmer of hope, and that Halifax acted on its own best interests, rather than theirs.

## **my findings**

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

The mortgage offer shows that it was arranged on a 'non-advised' basis, which means that whilst Halifax provided advice, it did not make a recommendation about the loan. I am satisfied from the case notes that Halifax explained that the loan would increase the secured debt, but that not all of the debt would be consolidated.

The notes also record that Mr and Mrs A would meet repayments of the remaining debt from the savings they would make, and that as some of their debt was on 0% credit it made sense to repay this way, and this would appear to represent a reasonable approach to their debt.

Mr and Mrs A said that their income in support of the loan was overestimated. However the figure of £25,000 was entered as the latest annual income, as a result of their meeting with the bank. I have seen that Halifax's affordability check included Mr and Mrs A's credit card, loan, mortgage and overdraft commitments, and concluded that the loan appeared affordable. The credit check showed that Mr and Mrs A were maintaining payments for their unsecured loans.

The mortgage application form details Mr and Mrs A's monthly payments and the Key Facts Illustration shows these to be reducible by around £270 per month, whilst the mortgage increased by £186 per month. From this it is clear the Halifax loan would reduce Mr and Mrs A's monthly payments. From the information provided to Halifax I am of the view its assessment that the loan was affordable was not unreasonable.

I sympathise with Mr and Mrs A for the worsened financial difficulties they have found themselves in, however, I have had to look at the situation at the start of 2009 when the loan was agreed. For the reasons I have given I take the view that Halifax were not acting unreasonably in advancing the loan, rather than putting Mr and Mrs A in touch with third parties offering debt advice.

#### **my final decision**

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

Andrew Fraser  
**ombudsman**