

complaint

The estate of Mr H has complained that The Royal Bank of Scotland Plc (RBS) irresponsibly lent Mr H money via a credit card account. The late Mr H's estate is represented by his relative, Mrs C.

background

Mrs C says RBS didn't carry out proper affordability checks before allowing Mr H to open a credit card account and transfer a balance on a 0% interest rate. Mrs C says Mr H only had a small pension, was elderly and still had a mortgage and other debts. She says RBS should have realised Mr H couldn't afford the repayments on the credit card loan. Mrs C says RBS should write off the debt or allow the estate to pay Barclays a reduced amount.

The adjudicator accepted RBS' explanation that it hadn't kept the details of its credit checking and affordability tests as the account was opened a number of years ago. She thought RBS had shown it would have checked his credit record and wouldn't have opened the account if it had found adverse information. The adjudicator acknowledged Mrs C said the loan wasn't affordable but noted Mr H had been able to make the monthly payments until Mrs C told RBS she had Power of Attorney and took over the finances.

In the adjudicator's opinion it was likely that Mr H had met the criteria under RBS' affordability assessment as she thought RBS had shown the application would have otherwise been referred for further assessment. She didn't think the fact that the new credit card had been taken out for debt repayment purposes meant that RBS had made a mistake. The adjudicator thought paying off debt from another credit card was a common reason for opening an account with a 0% interest rate on balance transfers.

The adjudicator thought Mr H had agreed to the terms and conditions of the account and RBS was entitled to ask his estate to pay the balance on the account.

In response, Mrs C disagreed and said RBS should have kept records of the affordability assessment as it would have shown he couldn't afford to make repayments on an increasing amount of debt. She also said RBS should have taken into account the credit limits on the other cards Mr H had when assessing the 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.

Mrs C has explained that her relative was in a very poor situation financially when she took over the finances under a Power of Attorney. She has told us that the debt repayments had left him short of money to buy food and the situation was exacerbated as he was also the victim of scammers. I can understand that the situation would have been very distressing for both Mrs C and late Mr H.

Mrs C says that Mr H later struggled to keep up with the repayments but I think I need to decide what RBS knew when it opened the credit card account for him. I agree with Mrs C that it would have helped if RBS had kept records of the affordability assessment it carried out before lending Mr H the money. But while Mrs C had been in discussions with RBS about repayments I don't think she made a complaint about irresponsible lending until around 4 years after the account was opened. So I don't think RBS was required to keep the credit assessment information.

RBS said it had no reason to think that Mr H would have problems keeping up with the repayments for the loan. It said if the credit checks had revealed adverse information it would have carried out a further assessment before lending him money. I can also see that Mr H met the minimum repayments for the credit card loan for some months until Mrs C took over his finances. So I think it's likely that Mr H passed through RBS' credit checks and met its criteria for opening the account.

I understand what Mrs C has said about Mr H being on a small pension and having other debts. But Mr H applied for a 0% transfer credit card which is often used to transfer debt from a higher interest rate to make payments more affordable. That could have allowed Mr H to increase the amount of money he had left over after repayments. I appreciate Mrs C says Mr H didn't close the previous credit cards and so increased his overall debt and the repayments. But I don't think I have any evidence that RBS knew this was his intention. And I also don't think RBS was obliged to assume he would keep the other credit card accounts open given it hadn't found adverse information on his credit record.

I'm sorry to disappoint Mrs C but I don't think it was unreasonable for RBS to have opened the credit card account for Mr H. I also think RBS is entitled to ask Mr H's estate to repay the credit card loan.

my final decision

My decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr H to accept or reject my decision before 6 November 2017.

Sarah Brooks
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