

## **complaint**

Mr D complains Lloyds Bank PLC mis-sold him a loan he couldn't afford – and led him to believe it would result in a successful re-mortgage.

## **background**

In 2012 Mr D approached Lloyds for a mortgage, but the application was declined. He says the bank advised it would succeed if he consolidated some debts. So he took out a personal loan for a five figure sum - which included some of his partner's debts. But Lloyds didn't offer him a mortgage. And Mr D considers he's now worse off financially.

Lloyds says it carried out its usual checks and Mr D could afford the loan. And debt consolidation might have improved Mr D's chances of a re-mortgage - but the bank never guaranteed it would.

Our adjudicator didn't recommend the complaint be upheld. She's satisfied Lloyds properly assessed Mr D's financial situation before giving him the loan. And he has maintained the loan repayments so it was affordable. And Mr D had the benefit of the money, so the bank hasn't done anything wrong.

Mr D disagrees. He says the loan has a high interest rate which means it will take longer to repay his debts. And he would never have taken it out but for the promise of a re-mortgage.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances. I have reached the same conclusions as our adjudicator for much the same reasons.

I recognise how frustrated Mr D is that Lloyds didn't offer him a mortgage - after he consolidated some debts by taking out a loan with the bank.

I appreciate some of his existing debts might have been re-paid sooner if Mr D hadn't restructured them. And I can see he considers the interest rate was high.

But I'm satisfied Mr D was aware of the loan terms when he took it out. So it was up to him to decide whether to accept them. And, if he thought they were unreasonable, he could have decided not to.

What interest rate to offer is a matter for a bank's commercial judgment – and takes into account a complex variety of factors (including individual circumstances). So it's not something this service would usually interfere with.

I'm satisfied Lloyds considered whether Mr D could afford the loan, in line with its usual lending criteria. He has kept up the repayments. And I can't reasonably conclude the lending was unaffordable. Nor can I exclude the fact that Mr D had the benefit of the money. It follows, I can't fairly criticise Lloyds for providing the loan.

The bank accepts it may well have told Mr D that a debt restructure would improve his chances of a mortgage offer. But lenders take many factors into account when assessing mortgage applications. And, on balance, I'm satisfied it's unlikely Lloyds would have told Mr D that he was guaranteed to be offered a re-mortgage if he took out the loan.

So, in all the circumstances, I'm not persuaded Mr D was mis-advised or mis-sold an unsuitable or unaffordable loan. I realise this will come as a disappointment to him, but I can't reasonably find the bank did anything wrong

**my final decision**

My decision is that I do not uphold this complaint.

Claire Jackson  
**ombudsman**