

complaint

Mrs H complains that she was mis-sold a loan by Barclays Bank Plc that she took out the day before her late husband's funeral to pay off a loan he had in his sole name.

background

Mrs H visited her local branch to discuss the outstanding balance on a loan her husband took out the year before he died. Following discussion with one of the Personal Bankers, she applied for a loan in her name and paid off the debt in his name. She later fell into financial difficulties and is now making reduced repayments. She believes that the bank should not have proceeded with her application given her circumstances at the time.

Our adjudicator recommended that this complaint should be upheld. She said that it was not appropriate for the bank to agree to a loan in Mrs H's sole name to repay her late husband's sole debt. She recommended that the bank write-off the outstanding debt, refund all payments made and if it wishes to pursue her late husband's debt to do so through the correct channels.

The bank disagreed, saying that it has a robust process, and a bereavement team, to handle matters when it is informed that a customer is deceased. In this case it says the discussion in the branch cannot be recalled. It points to the fact that Mrs H lived off the proceeds of a joint endowment policy that matured around the same time, and argues that she must have opted to take out the loan in her sole name for her own reasons.

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, contradictory or inconclusive (as some of it is here), I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

I am not persuaded that the bank met its duty of care when it processed the loan for Mrs H, nor by the argument that what happened after the loan was taken out is what needs critical review here.

As there is no record of the meeting in the branch, I cannot know with certainty what Mrs H was told about clearing her late husband's debt, but I find it most likely that it was suggested that she take out a loan to do this. Given the recency of her husband's death, and the fact the funeral was the following day, I find that Mrs H was a very vulnerable customer at that time.

Whilst the bank has assured us it has an appropriate process for such circumstances, I see no evidence of it being used here. It has explained that it would not approach next of kin regarding repayment of debts, instead its bereavement team would ask for proof that there was no estate available to repay the funds. I can see no evidence that this was how Mrs H's late husband's debt was managed. The bank has said that it does not allow advisors to sell

products when it is not appropriate but, on balance, I find it most likely that this is what happened when Mrs H visited her local branch.

As a result, Mrs H has undoubtedly suffered distress and inconvenience at an already difficult time. I consider that a payment of £500 for this specific element of the complaint is fair and reasonable. It is in line with awards we have made for similar cases.

my final decision

My final decision is that I uphold this complaint. I order Barclays Bank Plc to:

- write-off the existing loan balance;
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- refund all repayments made;
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- pay interest at an annual rate of 8% simple from the date of each repayment until the settlement date; and
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- pay £500 to Mrs H to compensate for the distress and inconvenience caused.

Rebecca Connelley
ombudsman