

complaint

Mr O complains that The Co-operative Bank Plc (The Co-op) didn't treat his application for a loan fairly or promptly.

background

Mr O wanted to borrow £20,000 to help fund the purchase of a property. After speaking with The Co-op, Mr O decided to apply a loan for £10,000 in his name and £10,000 in his wife's name.

The Co-op offered Mr O a loan at a higher rate than it first discussed. As Mr O needed the money quickly, he agreed to the loan rate of 6.9%.

In error, The Co-op amended the rate to 7.5%. The bank subsequently agreed to reduce the rate to 6.9% and paid £50 compensation.

Mr O complained to The Co-op. He wanted the bank to compensate him for the difference between the advertised rate of 4.9% and the rate the bank used of 7.5%. Mr O also asked for compensation for the time he spent obtaining credit reports and making alternative lending arrangements.

Our adjudicator didn't recommend that Mr O's complaint should be upheld. He agreed The Co-op made a mistake when it increased the rate from 6.9% to 7.5%. But our adjudicator considered the bank's offer to pay £50 together with a refund of the additional interest was fair and reasonable.

Mr O is unhappy with our adjudicator's conclusions. He says The Co-op was well aware that he wasn't willing to pay more than 4.9% interest. Mr O says the bank recommended that he and his wife make an appointment to finalise the loans. This meant his application was delayed. Mr O says the bank should've told him much sooner that it wouldn't offer the 4.9% rate. Then he could've gone elsewhere to borrow the money.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions of our adjudicator.

Some of Mr O's complaint relates to the bank's decision to refuse his wife's loan application. This is the subject of a separate complaint to this service, so my decision just deals with Mr O's complaint about the interest rate for his loan.

I can understand Mr O's sense of frustration but I can't reasonably interfere in the bank's lending decision to offer the loan at the higher rate of 6.9%. The promotional loan rate of 4.9% was a representative rate. The Co-op says that when it carried out the individual pricing process in branch, a member of staff told Mr O that the rate the bank could offer Mr O was 6.9%. Mr O decided to go ahead and accept the loan. I can't find that The Co-op made a mistake.

Part of the delay in getting a decision on Mr O's loan appears to be due to the fact that Mr O's wife had to apply for a loan in her name. So Mr O's application wasn't processed until

about four weeks after he first spoke to the bank. Mr O says that by the time he got an answer from the bank, it was too late to go elsewhere. Ultimately it was Mr O's decision to sort out both loans at the same time. I don't find The Co-op is responsible for the fact Mr O felt he couldn't look elsewhere once the bank offered the loan.

Before Mr O came to this service, The Co-op offered to refund some interest. This was because the bank incorrectly applied a rate of 7.5% instead of 6.9% to Mr O's loan. The bank also offered £50 compensation. I agree this offer was reasonable. I don't require The Co-op to pay more.

my final decision

My decision is that I don't uphold this complaint in the sense I find the bank's offer of settlement is fair and reasonable. I leave it with Mr O to decide whether to accept The Co-op's offer to refund £136.70 in interest and pay £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 19 February 2016.

Gemma Bowen
ombudsman