

complaint

Mrs S complains that Lloyds Bank PLC didn't advise her properly about her re-mortgage and this cost her money. Mrs S says that Lloyds didn't tell her about alternative ways to manage her unsecured debts. And that the re-mortgage was unsuitable and unaffordable and that she would have to pay fees.

background

In January 2010 Mrs S approached Lloyds as she wanted to re-mortgage. She also wanted to consolidate her unsecured debts. She borrowed a sum equal to her existing mortgage and her unsecured debt. She was therefore able to redeem her existing mortgage. And her expressed intention was to pay-off most of her unsecured debts.

At the time Mrs S banked with Lloyds. And Lloyds was able to check that her income was sufficient to meet the monthly payment. The mortgage was on a repayment basis. And the term was eight years which was less than her existing mortgage. The term was due to finish before her retirement age of 65.

The re-mortgage through Lloyds therefore had the effect of reducing the term, the monthly amount and the level of interest that Mrs S paid.

In December 2010 Mrs S approached Lloyds again seeking further borrowing. She had not in fact used the money from the re-mortgage to clear all of her unsecured debt. By this time Mrs S's income had doubled. And again Lloyds was able to check this by looking at her bank account. It agreed to lend her the additional amount secured against her property. This was referred to as sub account (2) but it was under the same mortgage account number as the re-mortgage funds.

Mr S says that Lloyds didn't tell her that the additional lending was secured on her property. Lloyds says that it didn't give advice to Mrs S about the suitability of the re-mortgage in January 2010 – this was a non-advised sale. But it did check that the lending was affordable for her. Mrs S was an existing customer so Lloyds was able to check her financial situation.

Taking into account Mrs S's income and her expressed intentions about paying-off most of her unsecured debt, her application was within Lloyds' lending criteria. And this was still the case when Mrs S applied for the further lending in December 2010.

Lloyds also says that the fees to be paid were set out in the application form. And it didn't have to advise Mrs S about a debt management programme because she was applying for a re-mortgage. Ultimately it was for Mrs S to take advice elsewhere from an Independent Financial Adviser if she wished.

An adjudicator considered Mrs S's complaint but didn't think that Lloyds had done anything wrong. Mrs S doesn't accept this and she has asked an Ombudsman to have a look at it.

my findings

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

I have considered the documents including the loan assessment form; the application form and the loan agreement form. Lloyds has said that it no longer has a copy of the scripted

questions. But that the script would have been based around these forms. I accept that this was a non-advised sale and I haven't found evidence to suggest otherwise.

Lloyds met face-to-face with Mrs S and it looked carefully at her financial situation - made easy as Mrs S was an existing customer. It then applied its own lending criteria and assessed that Mrs S could afford the re-mortgage. It also set out in writing the fees that she would have to pay.

I think that Lloyds was also responding to what Mrs S had requested. In particular Mrs S wanted to consolidate her unsecured debts; reduce her monthly outgoings and interest payments and reduce the term. Lloyds offered a re-mortgage and further lending both of which achieved these aims and which fell within its lending criteria. The borrowing was on a repayment basis and the term didn't go into Mrs S's retirement. I have also checked the mortgage offer dated 6 December 2010 and it is quite clear that this further lending was to be secured against Mrs S's property.

In the circumstances I don't think Lloyds was under any duty to advise Mrs S about a debt management programme. And I note that Mrs S's income had doubled by the time she applied for the further lending and that her mortgage account didn't go into arrears. It was always a matter for Mrs S as to whether she used the re-mortgage funds and the further lending to pay-off none, some or all of her unsecured debts.

Therefore I'm sorry to disappoint Mrs S but I agree with the adjudicator as I don't think that Lloyds did anything wrong or that it should have to pay compensation to Mrs S.

my final decision

Taking into account all of the above I don't uphold Mrs S's complaint against Lloyds Bank PLC. Under the rules of the Financial Ombudsman Service, I am required to ask Mrs S to accept or reject my decision before 6 August 2015.

Alan Harris
ombudsman