complaint

Mr L complains about how Bank of Scotland plc (HBOS) promoted and dealt with his application for a credit card.

background

Mr L was sent a letter advertising a credit card with HBOS. He says he applied for this card in early September 2014 by phoning the bank. However, when he phoned, he was told the rate of interest and fees for balance transfers advertised in that letter were no longer available. Mr L complained about this to the bank. The call advisor suggested he made an online application because it often had different rates available.

Mr L completed an online application but it was declined by the bank. Mr L was unhappy with this so he wrote to HBOS to appeal the bank's decision. In that letter, he gave the bank further details about his finances. He says the appeal was successful but, ultimately, pointless because he was then told he couldn't carry on with the online application. Instead, he was told he'd need to make a new application, either in a branch or on the phone. And this would be for a credit card with a different interest rate and fee for balance transfers.

Mr L's complaint

Mr L says he has an 'excellent' credit rating, significant savings and no unsecured debt. So he's unhappy that HBOS:

- told him the offer he'd been sent in the post was no longer available when he was sent the same deal in the post weeks later.
- declined his online application.
- refused to give him the credit card he originally applied for once it'd accepted his appeal when it'd already been offered to him by post.
- required him to make a new application by phone or in the branch.
- offered him a credit card on different terms.

Mr L thinks the bank's decision to decline his application was perverse and the whole process has been a waste of his time. He's worried this will negatively affect his credit rating. And he doesn't feel the bank has explained its actions. Mr L's also concerned HBOS is enticing people with attractive offers and then, when the person applies, taking them away and offering more expensive credit cards instead.

To put things right, he thinks HBOS should explain its actions and pay him £250 to compensate for the inconvenience, distress and professional time he's spent on this.

the bank's response

HBOS says its letters advertising credit cards aren't guaranteed offers that the credit card application will be approved. It says the offers change regularly. The offers are subject to status as well as its own internal credit scoring system at the time the person makes an application. And certain offers must be applied for in particular ways. For example, a postal offer may only be applied for through a postal application. And it can't find other letters were sent to Mr L advertising the same rate after the one he first responded to.

The bank doesn't feel it's treated Mr L unfairly nor done anything wrong so it didn't uphold his complaint. However, it credited £5 to Mr L's account for call costs and offered to pay a further £52 for any inconvenience, distress and further call costs.

our adjudicator's view

Our adjudicator looked at this complaint and didn't uphold it. He thought the decision to give someone a credit card is a commercial decision for the bank based on its own assessment of the applicants' personal financial circumstances. And he explained that this service wouldn't usually look to interfere with that.

He felt it was reasonable for the bank to ask Mr L to make a new application by phone or in the branch so that it could be processed manually so it could consider Mr L's wider circumstances. Unlike the online application he'd made before which took into account less information. And he accepted what the bank said about its advertising material not being a guaranteed offer that the credit card would be given to the person who received the advert or that it'd still be available.

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'm afraid I have to tell Mr L that I think the adjudicator has reached the right outcome here. And I think the adjudicator's set out the position clearly, so there's very little I can add to what the adjudicator has already said.

The decision to give someone credit is a matter within the commercial discretion of the bank and isn't not something this service would normally interfere with. I don't think that HBOS needs to tell Mr L the reasons it declined his online application. I'm satisfied this is also a matter for its commercial discretion. And it's typically a matter that a bank would regard as being commercially sensitive.

I think the letter to Mr L about his appeal of the decision to decline his online application was clear HBOS said it'd provisionally offer Mr L a credit card. But Mr L needed to apply for this card over the phone or by going into a branch so the bank could carry out a manual assessment of Mr L's application to consider more information than the online process takes into account. This letter also explained the new application would be for a credit card with a different interest rate and fee for balance transfers to that which Mr L had originally received in the post. And that this was because that particular offer wasn't available at that time on the phone or in branch. I don't see anything wrong with this either – the period of time an offer is open for and the way in which a person needs to apply for that offer is generally a matter for the bank's discretion.

Mr L says he received other letters from HBOS offering the same rate of interest even after he'd been told this offer wasn't available. I haven't seen these letters but I've seen sample ones sent out by the bank in September 2014. And I think they make it clear that an application for that particular credit card offer needs to be made by post. None of Mr L's applications were made by post. However, even if he'd applied for the card by post, the bank was entitled to consider his application and make a decision about whether or not it'd give him the credit he was asking for.

I am sorry to disappoint Mr L but it follows that I don't uphold his complaint.

my final decision

For the reasons set out above, my final decision is that I don't uphold Mr L's complaint against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 February 2016.

Rebecca Ellis
ombudsman