

## **complaint**

Ms S complains that The Royal Bank of Scotland Plc has unfairly refused her application for a further advance. She would like RBS to apologise and accept her application so that she can clear her outstanding debts and lower her monthly payment.

## **background**

In 2007 Ms S's offset mortgage with RBS was switched to the standard variable rate. And in 2009 RBS agreed to a further advance in order that Ms S could consolidate her debts.

In March 2013 Ms S entered into a debt management plan with RBS. And in June 2013 RBS refused her application for a further advance.

In June 2015 Ms S again applied unsuccessfully to RBS for a further advance. RBS refused to lend because the debt management plan was still active. And Ms S failed the credit score.

Ms S complained. She said that RBS had refused to help a number of times. Ms S had wanted to clear her debts; lower her monthly payments and avoid entering into a debt management plan. She believed that there was £50,000 equity in the property. And she wanted RBS to review her file; agree to the further advance and give her a new mortgage with an excellent rate. Ms S complained of the distress that this had caused her.

RBS didn't accept Ms S's complaint. It said:

*'Unfortunately further borrowing which would increase the mortgage amount secured on your home could not be agreed whilst our lending criteria including successful credit scoring was not met.'*

Ms S complained to the Financial Ombudsman Service. An adjudicator didn't uphold her complaint. The adjudicator said that:

*'The fact that you are in a debt management scheme alone would make any lender not lend funds for an additional mortgage. I believe based on just credit scoring alone you will be declined for credit.'*

*'Banks will not lend funds to consumers if they are in any sort of debt arrangement programme, if it did this would be considered as irresponsible lending. The actions of RBS are considered fair by the regulator the Financial Conduct Authority and our service.'*

Ms S doesn't accept this. And she's asked an ombudsman to look into her complaint. Ms S has said that she's not looking for a further advance at the moment. But if RBS had accepted her request for one some years ago she wouldn't have had to enter the debt management plan.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm sorry that I'm likely to disappoint Ms S as I agree with the adjudicator. I don't think RBS has done anything wrong. And I don't think it should be made to lend to her or to compensate her in any way.

I take into account that Ms S has complied with her debt management plan. And currently there are no arrears. Looking back though there were unpaid transactions and enforced and agreed arrangements made in 2007 and 2008. RBS did however agree to a further advance in 2009 specifically so that Ms S could consolidate her debts.

I think it therefore tried to assist Ms S where it judged it was reasonable to do so. But this further advance didn't help. And a debt management plan was required.

And once this was in place in March 2013 I don't think RBS acted unreasonably in refusing to lend any further. It set out its requirement to act as a responsible lender in 2015 when it told Ms S:

*'As a responsible lender we ensure our policies and processes comply with the requirement of The Lending Code in that prior to agreeing any borrowing facility we will take into account:*

- Credit Reference Information*
- Customers track record of managing their finances*
- Assessment of their income and financial commitments to check ability to repay, and that the borrowing commitment is affordable*
- Internal credit scoring*

*If you do not meet one or more of the above criteria, then any application for borrowing will be rejected, whether short or long term. We must also bear in mind your Debt Recovery Plan is ongoing.'*

I'm afraid that I agree with this. And therefore I can't say that RBS has treated Ms S unfairly or unreasonably.

### **my final decision**

Therefore, my final decision is that I don't uphold Ms S's complaint against The Royal Bank of Scotland Plc. And I don't think it should have to do anything differently or pay any compensation to Ms S. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 14 March 2017.

Alan Harris  
**ombudsman**