

The complaint

Mr S and Mr W complain that Bank of Scotland plc trading as Halifax, unfairly refused to agree to additional lending they had requested.

To put matters right they want Halifax to compensate them for the cost of the unsecured borrowing they had to maintain when they were unable to secure a further advance with Halifax.

What happened

Mr S and Mr W hold a mortgage with Halifax. In late 2022, they applied for a further advance of £50,000 to consolidate unsecured credit card debt. Mr W has explained that the credit card debts had mainly been used to pay for renovations to their mortgaged property. He said the work had increased the value of the property.

Halifax said, having considered their application, it was not willing to lend more.

Mr S and Mr W complained to Halifax. They said they felt its decision was unfair. They said they did not have any adverse information on their credit files and if the further advance was agreed it would reduce their monthly expenditure, as they would not have to meet the higher cost of their monthly credit card payments.

Halifax did not uphold their complaint. It explained that at the time Mr S and Mr W applied for the further borrowing they did not meet its lending criteria.

Mr S and Mr W were unhappy with Halifax's decision and referred their complaint to this service. Our investigator carefully considered their complaint. Having done so, he said that although he appreciated they felt Halifax should have agreed to their request for additional borrowing, he didn't think it had acted unfairly or incorrectly. He explained that as they did not meet its lending criteria, it had not agreed their request.

Mr W was not satisfied with the investigator's response. He reiterated that their monthly outgoings would have been reduced if Halifax had agreed to lend the money, to repay the outstanding balances on their credit cards. He also said he felt the investigator should have reviewed Halifax's lending criteria and credit scoring system to *'... find out exactly what part of the internal system I failed on and then make a judgment on whether that was fair... Wasn't the internal system part of the process that this needed to be investigated and then your outcome in relation to the reasons. I mean the exact system specifics, details, data and thresholds?*

As Mr S and Mr W did not accept the investigator's view the complaint has been passed to me to determine.

What I've decided – and why

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 have reached the same view as our investigator and for much the same reasons. I'll explain why.

All lenders are required to treat their customers fairly, however this does not mean that a lender must agree to lend. Lenders are entitled to apply their lending criteria and where a customer does not meet the lender's criteria, it is entitled not to agree a request.

I appreciate that Mr W feels Halifax should have agreed to the additional lending requested. But as Halifax was not satisfied that the application met its lending criteria, I cannot reasonably find that Halifax should have agreed to the additional lending.

Based on the information I have seen in connection with this complaint, I am satisfied that Halifax fairly applied its lending criteria to Mr S and Mr W's application for additional borrowing. I therefore cannot agree that it treated them unfairly when it declined their application.

As Halifax explained in its final response to their complaint, it is '*...unable to change our criteria or policy to suit individual customers. We adhere to our regulatory requirements and our own guidelines to ensure the fair and consistent treatment of all our customers.*'

I note Mr W says he feels this service should '*... find out exactly what part of the internal system I failed on and then make a judgment on whether that was fair... I mean the exact system specifics, details, data and thresholds*'

This service determines complaints on their individual merits. We do not have the power to order a business to change its systems or processes. That is the role of the industry regulator the Financial Conduct Authority (FCA). If Mr W feels the system Halifax uses to consider applications for additional borrowing is unfair, he may wish to raise this with the FCA.

I do understand that this is not the decision Mr W and Mr S were hoping for, but I cannot reasonably say that Halifax should have agreed to lend when their application did not meet its lending criteria.

I am aware that Mr W has subsequently contacted this service about an issue that has arisen with a more recent application he has made to Halifax. If Mr W wants to pursue a complaint about this issue he should raise it with Halifax in the first instance to allow it to respond to his concerns. If he is not satisfied with Halifax's response he is, of course, free to refer the matter to this service. I am however satisfied that the issue he has raised did not impact on the decision Halifax made to decline the request for additional borrowing he and Mr S made.

My final decision

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mr W to accept or reject my decision before 29 July 2024.

Suzannah Stuart
Ombudsman