

## **The complaint**

Mrs H has complained to us that FCE Bank Plc trading as Ford Credit (“FCE”) turned down her application for a finance agreement, which was for a new car. She also complained that FCE negatively affected her credit score by conducting two searches in close succession on her credit report. Mrs H has been represented in this complaint, but to keep things simple I will refer only to Mrs H in this decision.

## **What happened**

It’s agreed between the parties that in October 2022 Mrs H applied to FCE, via a dealership, for a hire purchase agreement. Under this proposed agreement, the monthly rental payments would have been £250.

On 11 November 2022 FCE sent Mrs H a letter which said that her application hadn’t been successful. Mrs H was unhappy with this and complained by letter dated 17 November. The letter said, in summary, that she thought FCE hadn’t properly considered the details of her individual application and she wanted it to look at it in detail instead of simply refusing it.

FCE telephoned Mrs H, it transpired during this call that her date of birth was incorrect. FCE corrected this and confirmed it would reconsider her application. Mrs H then heard nothing further and she wrote to complain on 14 December 2022. The letter said, in summary, that she hadn’t had a response. She complained about its poor service. She asked it to provide a specific reason about why the application had been refused.

On 23 December 2022 FCE sent Mrs H its final response. It said her application had been declined and gave a brief explanation. It also said if she wanted to discuss matters further she would need to send a copy of her credit report, as FCE had not received this from the dealership.

Mrs H was unhappy with this and brought her complaint to our service. In summary, Mrs H told us that FCE’s decision made no sense. She said there was no reason she wouldn’t be able to pay the new monthly repayment, as it would be the same amount as the repayments under another, existing agreement with FCE in a family member’s name, that was due to be repaid.

Mrs H also informed us that there had been some financial difficulty with credit card debt and gave us an indication of when that occurred. She told us she remained confident in her ability to make all the repayments on the proposed finance. She set out aspects of her finances which in her view supported this contention.

In addition to this, Mrs H told us things about the way FCE communicated which worried her. It sent her letters which were replicas of letters it sent to a family member previously. She told us that FCE hadn’t considered her application properly.

Our investigator issued an opinion. She said, in summary, that she didn’t think the complaint should be upheld. She said the credit searches didn’t impact the decision to refuse the

application, and so it was fair for FCE to notify the searches. She also thought there wasn't enough evidence that a lack of information about Mrs H's circumstances including her income was a direct reason for the refusal. And she was satisfied that FCE made the reason for the refusal clear and had signposted her to the dealership and a credit reference agency for further information.

Mrs H remained unhappy, so the complaint has been passed to me to decide.

### **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 don't think this complaint should be upheld. I'll explain why.

I've looked at this complaint on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence.

Mrs H has explained to us how the new, proposed application was made through a dealership. From what she has told us, this dealership is one which handled applications for a family member prior to this. These amounted to decades of business. From the material she sent to us, I think Mrs H placed reliance on this previous relationship in forming her opinion about whether the new application to FCE was likely to be successful.

But FCE and the dealership are separate businesses. And I'm sure Mrs H can understand that as a provider of credit, FCE conducts its own decision-making processes. So it isn't required to take the opinion of the dealership into account in deciding whether or not it wants to, or is able to, advance credit to a potential borrower.

Mrs H also complained that FCE failed to look at the application "subjectively." However because the new, proposed application was in Mrs H's sole name, any agreement would have been a contract between her and FCE. So it's likely that her circumstances (such as income, credit score and other possible factors) were the more relevant, and her family member's prior dealings, however long-standing, were likely to be less relevant or likely not relevant.

Mrs H also told us that FCE didn't ask to see proof of her income. She inferred from this that FCE hadn't properly considered her application. But there is another explanation for this. It's likely in my view that the information Mrs H had supplied was enough for FCE to decide it didn't think it should lend to her.

Overall, from the information available, I'm persuaded that FCE considered Mrs H's application and reached the decision to reject it. It also noted that her date of birth was incorrect and corrected it. So I'm satisfied that FCE considered Mrs H's application according to its processes, and didn't do anything that was unfair or unreasonable in its consideration.

Next, Mrs H told us that she wanted clearer reasons from FCE for turning down the application. In considering this point I've had regard to the Standards for Lending Practice, published by the Lending Standards Board. These set out benchmarks for lenders in relation to applications for credit. They state:

"Registered firms will ensure that their customers: ...

d. Are aware of the high-level basis on which the firm will make its decision to lend to them. If the customer's application is declined the main reason for this will be provided."

FCE explained the main reason for the refusal of the application in its letters. I understand that the lack of specificity was frustrating for Mrs H and because the text of the letter was the same as letters previously sent to her family member, Mrs H formed the view that FCE hadn't considered her individual application. But I don't think FCE has failed to give her the required information. So I don't find it did something unfair or unreasonable here.

Next, Mrs H informed us that on 25 January 2023 she was notified that her credit score had been downgraded. She told us that this was due to FCE carrying out two searches on her credit report. However, I have noted in Mrs H's letter of 17 November 2022 that following the initial refusal she asked FCE to review her application. And during the telephone call of 18 November, FCE agreed to do so. It appears another credit search was carried out once Mrs H told FCE she was unhappy about the initial one having been declined. However, I must also take account of the fact that looking again at the application was what was agreed between Mrs H and FCE in terms of addressing her complaint at that time. Therefore on balance, I'm unable to find that FCE did anything unfair or reasonable in this situation.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 October 2023.

Katrina Hyde  
**Ombudsman**