

## **The complaint**

Mr and Mrs L complain that The Royal Bank of Scotland Plc unfairly declined their mortgage application. Mr L has dealt with the complaint. He asks that RBS changes its lending policy or admits it doesn't lend to people that have recently retired and pays compensation for his wasted time.

## **What happened**

In March 2023 Mr and Mrs L applied to RBS for a mortgage. RBS declined their application, saying it couldn't verify the sustainability of their income source. Mr L's income is from a pension. He says RBS's lending policy is based on a lack of knowledge about pension regulations.

Our investigator said RBS declined the application in accordance with its lending policy and hadn't done anything wrong.

Mr and Mrs L didn't agree and asked that an ombudsman re-consider the complaint.

## **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.

Like all lenders, RBS has lending criteria. This is a matter for its commercial judgement and not something I can fairly require it to change.

Rules on mortgage regulation require lenders to carry out strict affordability tests before offering a mortgage. RBS will offer mortgages to retired customers provided their retirement income meets its affordability tests. RBS told Mr and Mrs L their application was declined because it couldn't verify the sustainability of their income source.

Mr L disagrees. He says the mortgage is low risk for RBS. Mr L says while he could withdraw his whole pension before the end of the mortgage term there's no reason he would do this. He says they have other savings, and the mortgage would have a very low loan to value ratio. I understand the points made and Mr L's frustration.

But, in fairness, I must take into account that RBS had to carry out an affordability check before offering a mortgage to Mr and Mrs L. I think it did this fairly and in accordance with its own criteria. It told Mr and Mrs L why it was unable to offer them a mortgage.

I don't think there was any unnecessary or unreasonable delay by RBS in reviewing the application and giving Mr and Mrs L its decision. Mr and Mrs L's mortgage application was submitted on 3 March 2023. RBS asked for information about the pension on 8 March 2023. It declined the application on 16 March 2023, after review by senior management.

RBS says it told Mr L at the outset that consent from senior management was needed to submit the application as an exception. Senior management agreed on the basis there was no commitment to lend and the underwriter's decision would be final. I think Mr and Mrs L

were made aware that the application might be declined due to the nature of their income and chose to proceed on this basis.

Mr L told us they didn't need a mortgage to buy the property and are able to do so with their own funds and have money to spare. He says they didn't find the matter distressing, they aren't disappointed and they don't care whether RSB offers them a mortgage or not.

Taking all this into account, I don't think it's fair and reasonable to require RBS to pay compensation for any time Mr and Mrs L spent on the application or gathering supporting documents, or to take any further steps in relation to this complaint.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 8 January 2024.

Ruth Stevenson  
**Ombudsman**