

## **The complaint**

Mrs O has complained that TSB Bank plc unfairly declined her request for a mortgage. To settle the complaint Mrs O wants TSB to transfer the mortgage on the property into her name, to pay compensation and to stop harassing her.

Mrs O is represented in the complaint by Miss C.

## **What happened**

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mrs O being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

This complaint arises out of sad circumstances – the death of Mrs O's husband in January 2022. Under Mr O's Will, Mrs O was made his executor and beneficiary. The property where Mr and Mrs O had lived has been in Mr O's name, but has since been transferred into Mrs O's name.

Mr O had an interest-only mortgage with TSB, the term of which has now expired. There is a balance of about £126,000 outstanding. In a related complaint brought on behalf of the estate, I have issued a final decision in which I explained that it is not possible for a mortgage to be inherited on the death of the borrower. In that decision I said that Mrs O, as executor of the estate, is required by law to settle the mortgage, either by arranging another mortgage in her own name, or by a sale of the property.

TSB considered an application by Mrs O for a new mortgage. However, TSB didn't think it would be affordable for Mrs O, based on the income details she'd provided. As a result, TSB wasn't able to offer Mrs O a mortgage.

A complaint was brought to our service by Mrs O, with Miss C representing her. Miss C said that Mrs O earns about £6,000 paid in cash from cleaning jobs and that this income is the difference between her application being approved or not.

An investigator looked at what had happened but didn't think TSB had done anything wrong. There was no repayment vehicle for an interest-only mortgage, and a capital repayment mortgage would have been unaffordable.

Miss C, on behalf of Mrs O, asked for an ombudsman to issue a final decision.

## **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.

I have considerable sympathy for the position Mrs O is in. However, I must decide the case on the basis of the evidence.

TSB's position is that the mortgage application didn't meet its lending criteria. TSB is entitled to set its own lending criteria. Decisions that TSB makes in respect of what those criteria are, its attitude to risk involved in this particular lending assessment, and whether it should lend are clearly discretionary matters for TSB's own commercial judgement that I would not interfere with.

TSB has provided information about its lending criteria and about what was taken into account in its consideration of the application. I'm entitled to treat this as confidential, because it is commercially sensitive.

TSB does not allow a sale of the borrower's main residence as the repayment vehicle for an interest-only mortgage. Mrs O doesn't have any savings, investments or other property that could be used as a repayment vehicle for an interest-only mortgage. I'm satisfied, therefore, that TSB isn't able to offer Mrs O an interest-only mortgage.

TSB also has a maximum age limit of 75 years, which for Mrs O means that the mortgage would run for about nine years. A capital repayment mortgage over such a term would be unaffordable, on the basis of the income Mrs O provided to TSB. I note that Mrs O receives some earnings by way of 'cash in hand' payments, but TSB isn't able to take this into consideration as an acceptable form of income.

After careful consideration, I'm satisfied that TSB reached its lending decision fairly, after taking into account all relevant factors, including (but not limited to) affordability, exposure to risk, and Mrs O's specific circumstances. Given this, I'm satisfied that TSB gave fair consideration to this application and, having done so, was entitled to decline the application. This means that there is no basis upon which I can find that TSB has treated Mrs O unfairly or unreasonably.

TSB is under a regulatory requirement to ensure that any mortgage it offers is affordable, and on the basis of the information provided by Mrs O, I'm satisfied that the mortgage was not affordable.

I am told that in January 2024 Mrs O will be in receipt of 50% of her late husband's pension. If her circumstances have changed, Mrs O can always make a further application to TSB for another mortgage – or indeed to any other lender. I think Mrs O might find it helpful to speak to an independent financial adviser to see what options might be available to her. In addition to a standard mortgage, Mrs O is of the age where she might qualify for an equity release mortgage or a Later Life Retirement mortgage, neither of which TSB offers. If Mrs O would like to speak to a financial adviser, she can find details of ones local to her via the FCA website at: <https://www.fca.org.uk/>

I know this isn't the outcome Mrs O was hoping for. I am truly sorry if my decision adds to her distress. But in all the circumstances, I'm unable to find TSB has done anything wrong in its decision not to lend to Mrs O.

### **My final decision**

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

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

Jan O'Leary  
**Ombudsman**