

The complaint

Miss K complains that Barclays Bank UK PLC acted irresponsibly when it provided loans to her.

What happened

Miss K had a current account with Barclays. She says that during the period between 2015 – 2017 Barclays provided her with five different loans. She says that each loan was for a higher amount than the previous loan.

Miss K says Barclays acted irresponsibly when it provided these loans to her. She says it provided the first loan in 2015. At that time, she says it should've known she had a gambling problem. When it provided a further loan in January 2016, she says she was unemployed at that time. Further loans were made for increased amounts each time and she says her salary was not sufficient to support lending at this level. She says Barclays didn't ask her any questions before it increased the loan amounts.

She complained to Barclays. It investigated her complaint. It said it hadn't been irresponsible when it provided the loans. It said her current account had been operated well and that she'd made all of the repayments for the loans on time. It also said she had savings and although there were some betting transactions on the account there was no evidence to support what she'd said about being in financial difficulties. It also said she hadn't told it about any gambling problems. It didn't uphold her complaint.

Miss K referred her complaint to our service. Our investigator looked into her complaint. He initially thought that Barclays could have done more when it made loans to Miss K after August 2016. He thought it hadn't carried out enough checks on her income and expenditure after that date. He also said many of the transactions on her account were for gambling. Barclays didn't agree and asked him to look at this again.

After reviewing the account our investigator said he'd been mistaken and there was no evidence of gambling transactions on the account after August 2016. He also said he was satisfied Barclays had carried out proportionate checks on Miss K's income and expenditure based on her account history. So, he didn't uphold her complaint.

Miss K didn't agree. 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.

Loan history

There were several loans made to Miss K during the period in question:

- July 2015 - £8,000. This loan was repaid on 21 January 2016.
- January 2016 - £10,100. This loan was repaid in August 2016.

- August 2016 - £10,000. This loan was repaid in January 2017.
- January 2017 – £20,000. Miss K exercised her right to withdraw from this loan during the cooling off period.
- February 2017 - £9,800. This loan was repaid in September 2017.
- January 2018 - £13,800. This loan was repaid in August 2018.

None of the loans ran concurrently and it is the case that on most occasions the outstanding loan with Barclays was repaid from the proceeds of the new loan. This was not the case in September 2017 when the loan was repaid from the proceeds of loans from other lenders. I can see however that when Barclays made a further loan in January 2018, it appears that loan was used to repay those other lenders.

Affordability checks

Before providing any loan to Miss K, Barclays was required to carry out affordability checks. These checks are required to be proportionate based on a number of factors such as the size of the loan and the amount of the repayments.

So, I've looked at the affordability checks Barclays carried out.

Miss K had her current account with Barclays, and she appears to have used it as her main banking account. I can see that her salary was credited to this account and her day to day expenditure also appears to have been made from this account. So, I would expect Barclays to have looked at this account when making its affordability checks.

When the first loan was made in July 2015, Miss K's application was made in a branch. She provided information about her income and expenditure and Barclays considered that information together with information it knew about her from looking at her account. By doing that it was able to satisfy itself that she had sufficient disposable income to make the repayments to the account. It repeated this exercise in January 2016 when the second loan was applied for. And it was satisfied she had enough disposable income to repay the loan.

Miss K says she was unemployed at the date she applied for the second loan. I can see there were no salary credits to her account in December 2015 or January 2016. It appears she was abroad for a period in December 2015. So, it's not clear, when she applied for the new loan in January, whether she knew she would be going back into employment. She provided information to Barclays about her income and didn't tell it she was unemployed. And, during December 2015 and January 2016, there were payments into her account from other sources – including from family and from her savings account. She was also able to make all of the repayments to the new loan, on time. So, on balance, I'm satisfied Barclays carried out proportionate affordability checks at this time.

When she applied for the subsequent loans, Barclays didn't ask her to provide any information about her income and expenditure. Instead it based its decision on the income and expenditure that was evidenced by her account. Having looked at her account I can see monthly salary credits from February 2016 up to January 2018. And, she continued to use her account for day to day expenditure. So, I think Barclays acted fairly and reasonably when it assessed if she could afford the loans by looking at the information it held on the current account. On each occasion it was satisfied she could afford the loan.

At the date of each loan, Barclays also carried out checks with credit reference agencies. There was no adverse information being reported. And there was no indication Miss K had other secured or unsecured lending – except when she applied for the loan in January 2018.

But as I've mentioned above the outstanding loans at that time were repaid from the new loan from Barclays.

Did Barclays satisfy itself Miss K could sustain the repayments on the loans?

In addition to checking that Miss K could afford the loans, at the date they were taken out, Barclays was also required to be satisfied that she could maintain the repayments over the term of each loan.

Barclays considered the information in Miss K's credit file and also how she operated the previous loans. There was a history of regular repayments being made on each loan. There is one exception to this. A loan repayment was missed in October 2016. But, apart from that there was no history of missed payments. I've also looked at the current account and during the period 2015 - 2018 the current account was operated in credit with only occasional dips into overdraft. The account was quickly restored to credit each time it dipped into overdraft. So, there was a history of well managed accounts.

I can also see that Miss K operated savings accounts with Barclays and although the balance in these accounts was often used to support the current account, it is the case that she had a history of being able to save.

So, having considered everything here, I think Barclays acted fairly and reasonably when it determined that Miss K could sustain the repayments on the loans.

History of gambling

Miss K says that she had a gambling problem. She says Barclays ought to have known this and shouldn't have lent her any money as she used it to fund her gambling.

I've looked at the gambling transactions on the current account. There were significant gambling transactions on the account in June 2015 - just before the first loan was granted. After that date, although there are occasional and infrequent gambling transactions, the amount and pattern of those transactions does not support what Miss K has told us about her gambling problem.

I've thought about whether Barclays should've provided the loans in light of the gambling transactions on the account.

As mentioned above in June 2015 there were significant gambling transactions in terms of both the number of transactions and the amount. The loan for £8,000 was drawdown on 13 July 2015. So, I think it's fair to say that Barclays should've been aware of the gambling transactions. There's no evidence that it considered this matter or that it questioned Miss K about it. I've thought about that and whether this could mean that Barclays acted irresponsibly when it progressed the loan.

Having thought about it, I don't think that it did act irresponsibly. I say that because although there had been gambling transactions in June 2015, the current account remained in credit throughout that period. Miss K also had savings accounts which were in credit. And, gambling transactions in June 2015 wouldn't, on its own, mean that she would struggle to meet her obligations. Subsequently, events proved that she was able to meet her obligations on all of the loans that she took out with Barclays after 2015.

There's also nothing to suggest Miss K made Barclays aware that she had issues with gambling at any time prior to the date she raised her complaint in 2019. She did complain about administration associated with the loans in July 2016 and January 2017 but on neither occasion did she mention any gambling issues. And, having looked at the transactions on

the current account after July 2015, although there were some gambling transactions, they were occasional and infrequent.

So, having considered everything here, whilst I know it will come as a disappointment to Miss K, I don't think Barclays acted irresponsibly when it provided the loan in 2015 or when it provided further loans in the period up to January 2018.

My final decision

For the reasons given above, I do not uphold this complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 10 May 2021.

Irene Martin
Ombudsman