

The complaint

Mr M complains that Barclays Bank UK PLC lent to him when it shouldn't have.

What happened

Mr M has complained about irresponsible lending. This complaint relates to seven loans taken out between 2014 and 2018.

Mr M says Barclays frequently offered him loans through advertisements on his mobile banking application (app). Mr M says the loans were too easy to apply for and, given that he had recently lost his job because of the Covid-19 pandemic, he was now having difficulty making repayments. So, he complained to Barclays and said it had lent to him irresponsibly.

Barclays reviewed matters. In summary, it said Mr M's financial situation would have been considered at the time of the applications, and thought it had followed the correct processes throughout. So, it didn't agree it had lent to Mr M irresponsibly. Mr M disagreed and brought his complaint to this service.

One of our investigators reviewed matters and didn't think there was anything to suggest that the loans were unaffordable at the time they were taken out. She acknowledged Mr M's concerns about being offered loans on his mobile banking app but thought that the decision to apply for borrowing each time was ultimately Mr M's.

Barclays didn't dispute our investigator's findings, but Mr M did. In summary, he mostly repeated his earlier points. Mr M also pointed out that his credit rating was "fair", so he thought Barclays made irresponsible decisions when lending to him.

As an agreement couldn't be reached, the case has come 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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website – including the key relevant rules, guidance, good industry practice and law. In short, lenders must ensure that any credit that is approved is affordable and sustainable for the borrower. I've kept this in mind when deciding Mr M's complaint.

It's been a considerable amount of time since some of the loans were taken out. So, the information available for me to review is limited, which isn't unusual given the time that has now passed. So, I've based my decision on the information that's available to me. Having done so, I'm not persuaded the loans were unaffordable for Mr M. I'll explain why.

The first loan Mr M took out was for a relatively small amount. Mr M repaid this in full and on time. In doing so, I'm satisfied he could afford the repayments and that this good conduct demonstrated to Barclays that he was creditworthy. Having reviewed the remaining loans

Mr M took out, this theme continued throughout. Mr M made repayments to each loan in line with the loan agreements, sometimes repaying these early. And, from the information available to me, I can't see that Mr M was relying on other forms of credit from elsewhere to maintain his monthly payments on the loans. Therefore, I'm satisfied the loans were affordable for Mr M and that his loan history would have further demonstrated that he was a creditworthy customer, and this was something Barclays recognised when it agreed to further lending.

Whilst five of the loans Mr M took out were for relatively small amounts up to £4,300, I've considered that two were larger by comparison – for £11,600 and later £15,500. Having reviewed matters, I'm satisfied that Barclays wasn't wrong to approve these either. I say this because by the time Mr M had applied for the first of these loans, he already had an existing relationship with Barclays where he had managed his accounts well. And, he had repaid two smaller loans already, and early. Further, he made the contractual repayments in full and on time, so even if I were to think Barclays ought to have asked more questions before accepting Mr M's application, I'm not persuaded he couldn't afford the repayments.

When Mr M applied for the second of the larger loans, it was used to consolidate existing borrowing with Barclays as well as provide him with some new credit. So, when considering the proportion of the loan used for consolidation, this loan was effectively only around £5,000 over and above Mr M's existing commitments. So, in light of this, and the other considerations above – including Mr M's excellent management of his previous borrowing with Barclays, and that Mr M had paid his contractual repayments in full and on time until a change of circumstances brought about by Covid19, an unprecedented event, I'm not persuaded that Barclays was wrong to approve this loan either.

As I understand it, Mr M feels that these loans were regularly advertised to him and he found it difficult to refuse them. I appreciate that Mr M may have found the advertisements on his mobile banking app frustrating. However, this in itself doesn't mean that the loans were mis-sold to him. Ultimately, Mr M decided to accept these loans and proceed with the online application processes himself. Mr M has also complained that he was offered over £30,000 on his mobile banking app and was concerned that he would never be able to pay this back. However, by Mr M's own admission, he never went ahead with the application process for this loan. So, I don't agree that he has been treated unfairly here.

Mr M has told this service he is in now in financial difficulties as a result of the Covid-19 pandemic. I was sorry to hear about this change in circumstances and the situation Mr M now finds himself in. If Mr M is having difficulty making repayments on his loan, I would encourage him to make contact with Barclays as it has a responsibility to support him during periods of financial difficulties.

Overall, whilst I understand Mr M's strength of feeling on the matter, I'm not persuaded that these loans were lent to him irresponsibly. It follows that I don't uphold this complaint.

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 Mr M to accept or reject my decision before 5 November 2021.

Hana Yousef
Ombudsman