

The complaint

Mrs G has complained that Barclays Bank UK PLC acted irresponsibly when it approved her for a £3,500 loan in March 2009.

Background

Mrs G took out a personal loan with Barclays in March 2009. At the time she applied for the loan she had reduced her work hours to look after her children and was spending regularly on shopping catalogue accounts. As a result of her reduced income and spending habits she has said that the loan was unaffordable, and Barclays acted irresponsibly when it gave it to her. She said she was only able to meet her monthly repayments by borrowing from friends and family members. She wants Barclays to refund all of the interest she paid on it.

Barclays has said that at the time Mrs G applied for the loan in one of its branches, it ran all the required affordability checks. It has said that Mrs G had a monthly disposable income of approx. £560, which included not only her wages, but a fixed long term monthly transfer from her husband's account and social welfare payments. In addition, it found no evidence that Mrs G was struggling to meet any of her existing credit providers. As the monthly loan repayment amount was £172 it felt that it was affordable for her. It also noted that the loan was repaid in full within the 24-month term and that there was no evidence of missed payments. So, it didn't think it had done anything wrong by approving Mrs G's application and it didn't uphold her complaint.

Unhappy with Barclays response Mrs G brought her complaint to our service. I issued a provisional decision on 30 January 2024. In it I said there wasn't enough evidence to show that the loan was unaffordable and so I didn't uphold Mrs G's complaint. I asked both parties to provide me with any comments or additional evidence by 27 February 2024.

Barclays responded to say it had nothing further to add.

Mrs G responded to say I'd incorrectly stated she was only making payments to her catalogue shopping accounts every three months when in fact she was making monthly repayments. She also queried why the money her husband was transferring into her account was considered income when it was used for household bills and wasn't money she was free to spend. Finally, Mrs G asked if I'd considered the fact that there were already loan repayments being taken from her joint account each month to repay a loan in her husband's name.

As Mrs G had some additional questions I will address these below. I will also repeat some of the findings from the provisional decision.

My findings

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 and having considered the points raised by Mrs G in response to the

provisional decision, I still don't think I have sufficient evidence available to me to show that the loan was unaffordable. So, I'm not upholding her complaint.

At the time Mrs G applied for the loan she was working part-time and was in receipt of both a fixed monthly payment from her husband towards household expenses and child welfare benefits. Barclays included these as part of her monthly income, and I agree it was reasonable for the bank to do that. It has also said that it would have checked Mrs G's credit file to understand her existing credit commitments and how she was managing them. Due to the passage of time Barclays doesn't have records of this information but has said that it was satisfied Mrs G had minimum existing monthly credit obligations. I've reviewed both her individual bank account statements and joint statements and agree there's little sign of existing credit repayments being debited from either account. So even without sight of her credit file I think it's unlikely Mrs G had a lot of existing credit obligations at the time she applied for the loan.

In response to the provisional decision Mrs G resent all of the bank statements she'd received from Barclays as part of a Data Subject Access Request ("DSAR"). I've reviewed these in full and they show an account that was well run in the months leading up to the loan application. So, I can't say there is any evidence from her bank statements that Mrs G was struggling financially at the time or that the loan would be unsustainable for her.

Mrs G also asked if I'd considered the fact that the money she received into the account from her husband was ear-marked for household bills and not money she was able to rely on for personal use. I have considered this, and the fact that it meant the household bills were paid for and so her own expenditure reduced. Which meant she had disposable income from her own work and benefits. So again, while I appreciate this wasn't personal income, the fact it was used for household bills doesn't mean the lending wasn't appropriate.

Mrs G has also pointed out that she was making monthly repayments to her catalogue shopping account. I was wrong when I said this was only something that was paid once every three months. I apologise for that error. However, having reviewed the average monthly spend in the three months leading up to Mrs G applying for the loan, I don't think this is sufficient to show she couldn't afford the repayments. I'm still satisfied that having taken those into consideration, as well as the monthly loan repayments due on the new lending from Barclays, she had sufficient disposable income remaining each month.

Finally, Mrs G has asked if I'd considered the fact monthly loan repayments for a loan her husband had taken out were being paid out of their joint account each month. I've not taken that into consideration as that loan was in Mr G's own name and Mrs G wasn't liable for it. I understand the direct debits were coming from the joint account, but that doesn't mean Mrs G was in anyway liable for them. So, Barclays wouldn't be expected to take that lending into consideration when reviewing Mrs G's loan application as it wasn't her debt to repay.

As I mentioned in the provisional decision I can't be sure that the checks Barclays ran at the time were proportionate as it's not been able to give me detailed information on what those checks found. But even if I assume the checks weren't proportionate looking at Mrs G's information from 2009, which is limited due to the length of time that has passed, I can't fairly say there was anything to indicate the loan was unaffordable for her. Even though I accept the catalogue shopping was a monthly bill, it still seems to me that Mrs G had sufficient remaining disposable income each month to cover the loan repayments.

I appreciate that Mrs G has said that she struggled to meet her loan repayments and had to borrow from friends and family for help meeting her repayments some months. But having reviewed her bank statements, her monthly income as well as her fixed monthly outgoings at the time applied for the loan I can't say there was anything in her information that would

have alerted Barclays to the fact she might struggle to meet her repayments. And because I can't say there was evidence to show the loan might be unaffordable, I can't uphold her complaint.

My final decision

For the reasons set out above I don't uphold Mrs G's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 28 March 2024.

Karen Hanlon
Ombudsman