

## The complaint

Ms C complains that Clydesdale Financial Services Limited, trading as Barclays Partner Finance ("BPF") irresponsibly gave her a fixed sum loan she couldn't afford to repay.

## What happened

On 30 September 2019, Ms C entered into a fixed sum loan agreement with BPF for the purchase and installation of a hot water heating system for her home. The agreement was arranged by the supplier and fitter of the system. The cash price of the goods and services was £9,270.60. Ms C also paid an up-front deposit of £852. Under the terms of the agreement Ms C was required to pay 60 payments of £140.31.

In June 2022, Ms C complained to BPF, saying that not enough was done to establish whether the agreement was affordable and sustainable for her. She also raised concerns about being pressured to enter into the agreement. Due to an administrative error – which isn't something I'm able to consider in this decision – Ms C didn't initially receive a formal acknowledgement of her complaint until August 2022. BPF has apologised for this.

BPF didn't agree it had acted unfairly when approving the loan for Ms C. It said it carried out appropriate checks before agreeing to provide the finance. But it agreed to remove the interest element from Ms C's loan.

In my provisional decision dated 18 December 2023 I explained why I wasn't intending to uphold this complaint. Essentially, I hadn't seen enough evidence to show or suggest that Ms C had been put under pressure to accept the agreement. And nor had I seen enough evidence or information to show or suggest that BPF had acted irresponsibly by granting her finance that was unaffordable.

I set out an extract below:

*"I've kept in mind that the repayments under this agreement would be continuing for five years. I do think this is a significant commitment for Ms C to have been taking on. Also, the application documents and credit checks suggest a measure of uncertainty about Ms C's household income situation at the time. My current view is that these factors were enough to have prompted BPF to have carried out more thorough checks to ensure the lending would be both affordable and sustainable over the whole period of the loan. In short, I think BPF could have done more to verify Ms C's income and her regular expenditure.*

*However, whilst I don't think BPF completed proportionate affordability checks, it doesn't automatically follow that I am saying Ms C's complaint should be upheld. I would still need to be satisfied that in lending to Ms C, BPF acted unfairly in such a way so as to cause her a loss. As things stand, I can't say that's necessarily the case. I'll explain why.*

*I can't be certain what evidence and information BPF would have had the opportunity to review if it had completed proportionate checks. I've seen that Ms C was unhappy that, in order to look into her complaint, BPF asked Ms C to provide it with details about her financial*

*situation, including bank and private pension statements. Ms C has objected to this as she says that BPF ought to have carried out proper checks when she first made her loan application.*

*I don't think it's unusual for BPF to have asked Ms C to provide further evidence and information about her financial circumstances at the relevant time in order to complete its investigation into her complaint. Such information would also help us to understand what else, if anything, BPF might have found out if it completed reasonable and proportionate checks. So far, I haven't seen what I consider to be a reasonable level of information to enable us to determine whether or not BPF made a fair lending decision.*

*I see that in May 2023 our investigator set out details of the information and evidence we'd expect to receive in order to carry out our own affordability checks. I therefore suggest that Ms C considers providing us with as much of that information as she is able to about her financial situation at the time. This would include explaining what her career/work situation was and whether she had been working at all in the 12 months prior to the agreement. By doing so, I would expect to gain a fuller picture of Ms C's financial situation, including such income as she was receiving, be it from any sources (including pensions and government benefits/allowances) as well as details of her committed monthly expenditure, such as household costs. In particular, I would ask that Ms C sends us bank statements from at least three months prior to the agreement. I would also ask that she shares with us a full copy of her credit report.*

*Ms C says she felt she was put under pressure to accept the agreement, given that she was asked to complete the finance agreement during the course of a long sales meeting at her home. Pressure of this nature is always difficult to substantiate, especially so long after the event complained of. But it seems likely that Ms C was given the opportunity to look over and consider the agreement before signing it. So, although I have no doubt that Ms C has given us her best recollection of what happened at the time, I think it was open to her not to go ahead with the agreement.*

*To summarise, whilst I currently think BPF ought to have completed more thorough affordability checks before agreeing the loan, I'm not persuaded so far that its failure to do so has caused Ms C any loss. So I don't currently think they need to do anything to put things right. "*

BPF acknowledged receipt of my provisional decision and said it had nothing to add.

Ms C responded to my provisional decision with further comments, evidence and information. I can briefly summarise these as follows.

- Ms C remains unhappy that she has not been provided with full details of the credit check BPF carried out before approving the loan;
- She has reiterated that her financial situation meant that the loan was unaffordable and has explained how she had to seek help from a relative to pay off a credit card;
- She has provided some bank statements from after the loan, details about the end of her last employment and further information about her financial position;
- She strongly disputes the figure for income that was mentioned within BPF's confidential credit check details.;
- She has given some more details about how she lost out financially as a result of being approved for the loan.
- She has rejected my suggestion, based on the available evidence and information,

that I was unable to say she'd been put under pressure to take the agreement.

### **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.

Our approach to considering complaints about irresponsible and unaffordable lending is set out on our website and I've had this approach in mind when deciding what is fair and reasonable in all the circumstances of this complaint.

I have carefully reviewed all the further evidence and information Ms C has provided. But unfortunately it doesn't change my finding. I will explain why.

In my provisional decision I looked into the question of whether BPF had lent to Ms C irresponsibly by granting her a loan she couldn't afford to repay sustainably. I think it's important to say here that BPF has previously agreed to remove the interest element of the loan. I realise that Ms C is unhappy with that offer but it reflects our approach to redress in complaints about irresponsible lending. I therefore think that BPF's offer to settle this complaint is in any event likely to be a fair one for this complaint.

I also considered whether there was enough evidence to make a finding that Ms C had been put under pressure to agree to the loan. Like our investigator, I couldn't say that there was.

I also set out further information I'd like to see if I was going to look into the question of whether BPF had made a fair lending decision. Whilst the information Ms C has sent is helpful, she hasn't given us enough to gain a better picture of her financial circumstances when she entered into the agreement. In particular, she hasn't sent us bank statement or pension details, or other details about income she was receiving in the run-up to agreeing the lending. Ms C did provide me with some details about her committed annual outgoings, although this was from after she'd taken out the loan.

Ms C has raised issues about the extent of her losses that were not included in her initial complaint and which BPF has not had the opportunity to respond to. So they are outside the scope of what I am able to look at when making my decision. I note that our investigator has been in contact with BPF and Ms C about the possibility of making a separate complaint about these issues.

It follows that I am not upholding this complaint as, based on everything I've seen, I don't think BPF lent to Ms C irresponsibly. And it has already refunded all the interest she had paid on the loan. I therefore will not be requiring BPF to do anything more.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint and do not require Clydesdale Financial Services Limited to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 19 March 2024.

Michael Goldberg

**Ombudsman**