

## **Complaint**

Mr W has complained about a loan Clydesdale Financial Services (trading as Barclays Partner Finance “Barclays PF”) provided to him. He believes that it should not have provided him with the loan.

## **Background**

In June 2019, Mr W purchased items for a kitchen. The purchase price of the items was £13,569.00. Mr W paid a deposit of £1,707.67 and Barclays PF provided Mr W with a fixed-sum loan for the remaining £13,569.62 he needed in order to complete his purchase. This loan was interest free. So Mr W was required to make 59 monthly repayments of £226.16 and a final repayment of £226.18 to repay the £13,569.62 he was lent.

An investigator reviewed what Mr W and Barclays PF had told us and she thought that Barclays PF hadn’t done anything wrong or treated Mr W unfairly. Mr W disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr W’s complaint.

I think that it would be helpful for me to set out that we consider what a firm did to check whether loan payments were affordable (asking it to evidence what it did) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower’s ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator’s rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we

don't think that the lender did enough to establish whether the repayments to an agreement were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've kept this in mind when deciding Mr W's complaint.

Barclays PF says it agreed to Mr W's application after he provided details of his income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out. And in its view, all of this information showed Mr W could afford to make the repayments he was committing to.

On the other hand, Mr W has said he should not have been provided with this loan.

I've carefully thought about what Mr W and Barclays PF have said.

The first thing for me to say is that the information provided does suggest Mr W was asked to provide details of his income. As far as I can see, Barclays PF didn't just rely on what it was told as it cross checked Mr W's declaration against information from credit reference agencies on the amount of funds entering into his main bank account month. And this suggested that it could be confident that Mr W was receiving the amount he'd declared.

Barclays PF also carried out credit searches on Mr W which showed that he had no significant adverse information - such as defaulted accounts or county court judgments - recorded against him. The only real issue he'd previously had was some arrears on a credit card but this was in 2011 and the payments on the account had long since been brought up to date.

Furthermore, the active accounts that Mr W had were also up to date and being well maintained. So it's fair to say that there wasn't anything obvious in the information obtained which indicated that the monthly payments might have been unaffordable for Mr W.

That said, given the circumstances here (payments of roughly £230 over a period of 5 years), there is a reasonable argument for saying that Barclays PF ought to have had an actual understanding of Mr W's actual monthly living costs, in order to determine whether to payment to this agreement were affordable him.

However, I've not seen anything in the information I've been provided with, which indicates that obtaining such information from Mr W would have led to Barclays PF reaching a different decision in this instance. Indeed, having looked at Mr W's repayment record, it seems to me that his circumstances changed for the worse as a result of the pandemic and this significantly affected his ability to make his payments.

While I can see that Mr W went on to have difficulties from 2020 onwards and I very much sympathise with Mr W's difficulties and the fact that he ended up defaulting on this agreement, I don't think that Barclays PF knew that this would happen. And given the unprecedented nature of the pandemic, I don't think that it can reasonably be expected to have anticipated that this could have happened at the time it decided to lend either.

As this is the case and bearing in mind everything, I don't think that Barclays PF did anything wrong when deciding to lend to Mr W – even if it had done more to ascertain Mr W's actual

living costs, it is still more likely than not to have suggested the repayments were affordable for Mr W.

In reaching my conclusions, I've also considered whether the lending relationship between Barclays PF and Mr W might have been unfair to Mr W under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Barclays PF irresponsibly lent to Mr W or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Finally, I've noted that Mr W is unhappy that he wasn't called back after he contacted Barclays PF for an explanation regarding a letter it sent him as part of a remediation exercise. I don't know for certain if Barclays did call Mr W – but the available information shows that it tried to call him on the number it had for him.

In any event, Mr W was able to get into contact with Barclays PF and subsequently pursue his complaint. In these circumstances, I'm satisfied that Mr W didn't lose out, even if it is the case that Barclays PF's notes are, as Mr W says, inaccurate. For the sake of completeness, I wish to make it clear that I've not made a finding on the accuracy of Barclays PF's notes as I've not needed to.

Overall and having considered everything, I don't think that Barclays PF treated Mr W unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr W's complaint. I appreciate this will be very disappointing for Mr W. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

I note that Barclays PF offered Mr W £75 for any distress and inconvenience. It's unclear whether or not this has been paid. In any event, as I'm not upholding Mr W's complaint, he should contact Barclays PF to accept this payment directly should it not have been paid already and he now wishes to accept this.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 November 2024.

Jeshen Narayanan  
**Ombudsman**