

## **The complaint**

Mr A complains that Tesco Personal Finance PLC trading as Tesco Bank declined his application for a loan. He wants his application accepted.

## **What happened**

Mr A applied for a £15,000 personal loan in August 2024 repayable over 10 years. Mr A says he had a job, mortgage, was a landlord and his credit score was fine and so there was no reason for his application to be declined.

Tesco Bank said that when Mr A applied for the loan his application was automatically declined. It said that through its application process it considered the information Mr A had provided about his income and outgoings and also information from the credit reference agencies. It didn't accept it had done anything wrong by not providing Mr A with the loan.

Mr A referred his complaint to this service.

Our investigator didn't find that Tesco Bank had done anything wrong by declining Mr A's application. He explained that lenders will each have their own lending criteria and that in this case Mr A didn't meet Tesco Bank's lending criteria. He noted that following Mr A complaining about his application being declined a further review was undertaken but that the outcome didn't change. He explained that the information used to assess Mr A's application was taken from the details he provided as well as information from the credit reference agencies. Based on the evidence he had seen, our investigator didn't uphold this complaint.

Mr A didn't accept our investigator's view. He said that he had received a copy of his credit report, and this showed he was up to date with all of his accounts, and he had no defaults recorded. He said he had wanted the loan for home renovations and also to consolidate his debts so that he only needed to make one payment.

## **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.

My role is to consider each case based on its individual merits. I take all relevant rules, regulations and industry practice into account, but my decision is based on what I consider fair and reasonable given the unique circumstances of the complaint. I may not comment on all issues raised, but I can assure Mr A that I have considered all evidence that has been provided when making my decision.

I understand that Mr A is upset that his loan application was declined. However, it is a commercial decision for Tesco Bank as to who it lends to, and it has its own lending criteria against which its lending decisions are made. It isn't my role to say how Tesco Bank should undertake its lending assessments or to require it to follow a certain lending criteria, instead my role is to assess whether Tesco Bank did anything wrong in response to Mr A's

application or treated him unfairly when it decided to decline his application.

Tesco Bank sent Mr A a letter dated 30 August 2024, which said it wasn't able to approve his application based on information about his income and outgoings. It explained that it based this on information provided by Mr A and information from the credit reference agencies. Mr A has said that he had a good credit score and has provided a copy of his credit report. I note that Tesco Bank didn't suggest that there were issues with Mr A's credit score rather that it had used information from the credit reference agencies in its assessment.

That said, I have reviewed Mr A's credit report and can see that he was managing his accounts well. He did have several credit card accounts at the time as well as other credit commitments and while I note his comment that some of the new loan proceeds would have been used to repay his existing commitments, based on the information that was available, I would find it reasonable for Tesco Bank to include Mr A's existing credit commitments in its assessment.

Mr A contacted Tesco Bank about his loan application being declined and saying that his full income hadn't been considered. Given these concerns, I think that Tesco Bank was right to provide Mr A with information about how he could appeal the decision. Undertaking a manual review of Mr A's application (including consideration of the income information provided), I think was a fair approach to the concerns Mr A had raised.

The review didn't change the lending decision. I appreciate that this was disappointing for Mr A. But as already noted, Tesco Bank has its own commercially sensitive lending criteria. It has explained why Mr A's application was declined and, on balance, I do not find I can say that it treated Mr A differently to other customers with similar circumstances. Therefore, while I know that my decision will be disappointing for Mr A, I do not find that I can uphold his complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 February 2025.

Jane Archer  
**Ombudsman**