

The complaint

Miss A says Barclays Bank UK PLC ('Barclays'), irresponsibly lent to her. She says that due to her personal situation, she hasn't been able to benefit from the loan proceeds. She would like Barclays to refund the amounts she has paid towards the loan, rather than just the interest.

What happened

I'll firstly say that I have read all the information that both sides have provided. But I won't refer to all of what I have seen. I'll concentrate on the things I need to talk about to support my decision. I did want to reassure all the parties to the complaint that I am fully aware of the circumstances that surround this lending, even if I haven't outlined them all here.

This complaint is about a personal loan that Miss A took out in March 2019. She borrowed £8,000. The loan was to be repaid through 60 monthly instalments of £150.07. The loan was repaid in October 2023.

Miss A says the loan was 'pre-approved' and she was notified of this through the Barclays mobile phone application. She says her husband was also aware of this and he was present at the application stage. Miss A says she believed that the loan proceeds would take a day or two to be received and she would have some time to cancel the application. But it was processed very quickly, and she didn't have time to do this. She has said the funds were transferred away from her account to benefit her husband.

Ms A took out a second loan with Barclays in 2023 and part of this was used to repay what was left of her first loan. I have noted the details of this second loan and that it doesn't form part of this complaint.

Miss A complained to Barclays saying that she had been coerced into taking the loan by her husband at the time and she hadn't benefitted from it. She says that she didn't want another loan as she already had debts with other businesses. She thinks that Barclays should have done more to help, and she had other lending applications rejected from other businesses. She thinks Barclays should refund the amounts she has paid.

Barclays considered this complaint, and it didn't uphold it. It said it hadn't acted wrongly when it lent to Miss A. It also noted that she was now divorced from her husband and the financial agreement reached as part of this said that neither party would pursue each other for any funds they felt were owed to them. And they acknowledged the debts they had were theirs to pay. So, it didn't think that refunding the loan repayments was right. It did refund the interest Miss A had paid on the loan as it said it didn't want to profit from Miss A's personal situation.

Miss A didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Miss A's complaint. He thought that it wasn't likely that Barclays had enough information from the time the loan was arranged to have been aware

that Miss A may not have benefitted from the funds that she was borrowing. And that she may have been coerced into taking the loan. And as a complaint wasn't made for a long time, then Barclays could not be expected to have known sooner. Whilst the divorce agreement didn't affect the lending decision it did confirm that any debts belonged to each party, and they were able to pay them.

There was some further correspondence and Miss A has sent a letter recently for my consideration that I have read. A summary of what she has said is below:

- She explained the circumstances about how the loan came about, how she was pressured to take it, and how she intended to cancel it before the funds were provided to her.
- She says it wasn't possible for her to act at an earlier point, and both her and Barclays were not fully aware of the severity of the situation.
- Whilst their banking transactions were like a 'normal married couples' it doesn't mean that she wasn't coerced into taking the loan.
- When Barclays saw that funds were being transferred into, for example, a credit card not in her name (but still with Barclays) it should have acted sooner.
- The divorce agreement shouldn't be used to defend refunding the loan, she is pursuing a claim against the bank rather than her husband. The divorce agreement was to protect her assets.
- And whilst she was legally responsible for the loan this does not alter that she was coerced into taking it.
- Saying that Barclays wasn't aware of her situation, and absolving it of responsibility, isn't fair in circumstances such as hers.

Miss A has asked that her complaint is considered by an ombudsman, and it has been passed to me to make a final decision.

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.

In order to uphold it, I need to be able to say that Barclays was acting incorrectly when it approved the loan. Or that it should have acted differently some time into the term of the loan to assist Miss A to a greater degree. I've thought about whether I can reasonably say this.

Miss A hasn't said that the loan was lent irresponsibly because she couldn't afford to pay it at the time. So, I can't say that Barclays shouldn't have approved the loan for this reason. I have gone on to consider if Barclays shouldn't have approved the loan due to Miss A's personal circumstances and how the loan was taken out.

I've firstly thought about when Barclays became aware of the circumstances under which Miss A says that the loan was applied for. I've considered all of the written information provided and the calls between our Investigator and Miss A.

As a starting point Barclays has said that it wasn't aware that Miss A may not receive the proceeds of the loan when she applied for it.

Miss A has confirmed that she didn't herself make Barclays aware of the problems she was facing when she took the loan. She has said that she thought the loan was her responsibility, and that she wasn't able to raise this with Barclays. She has said that she also didn't make Barclays aware of her circumstances because she felt that she couldn't and because she didn't think that Barclays would be able to help.

So, it seems reasonable to say that Miss A didn't realise she could provide Barclays with information about her circumstances, until after the loan had ended. So, whilst I fully understand, and sympathise with Miss A's reasons for this, I'm not able to say that Barclays was, or should have been, aware of the circumstances that surrounded the loan application.

Given that I think it's established that it didn't have this information I'm not able to say that Barclays should have acted any differently here. So, I'm not upholding Miss A's complaint that Barclays should not have lent to her due to the circumstances under which the loan was taken out.

Similarly, I haven't seen that Barclays was made aware, or should have been aware, about Miss A's situation while she was repaying the loan. As Miss A has said, and I've outlined above, this information wasn't provided to Barclays.

And I don't think that because some funds, which were from the lending, were forwarded to Miss A's husband to repay his debts, should have put Barclays 'on notice' that she was not benefitting from the loan. The fact that the funds were transferred to him is evidence now that Miss A may not have benefitted from the lending. But the transfer happened after the loan was taken out, so it's not something Barclays could have taken into account when deciding to lend. And while a transfer of funds such as this can be an indicator of abuse, it's also not unusual for parties in a relationship to transfer funds between themselves without there being abuse involved. Barclays wouldn't have been monitoring Miss A's account to see how the funds had been used after the loan was granted. And even if it had been aware of the funds transferred to him, I don't think this is enough, of itself and without other evidence or without contact from Miss A at the time, for it to have reviewed and questioned its decision to lend.

And added to this, even though from Miss A's perspective it was clear from the transactions what was going on, she has also recognised that much of her bank transactions were as you would expect joint finances to be – so on balance I don't think there's anything in how Miss A's finances were being managed that ought to have put Barclays on notice that she was a victim of financial abuse.

And I've seen the correspondence between all the parties about some of the transactions on Miss A's bank account. I do appreciate what Miss A has said about what she received from her ex-husband but this doesn't impact my findings above.

So, I don't think there is anything Barclays should have noticed that means it should have been aware of Miss A's circumstances. I'm not upholding her complaint on this basis.

Miss A feels that because Barclays is now aware of her personal situation, and has taken steps it feels appropriate to not profit from Miss A's situation, then it should refund all of the loan amount she has paid.

But I have born in mind that the reason that Miss A didn't benefit from the loan proceeds was not due to the actions of Barclays, it was due to a third party. I must be able to say that Barclays acted in error here and I don't think it did.

So, I can't say that Barclays should have done anything differently regarding the approval or the management of the loan over time. If the loan was still outstanding and Miss A was experiencing difficulty in repaying it then I would expect it to show reasonable forbearance, taking into account what it now knows about her circumstances. But I don't think it would be fair to expect it to refund all payments made before it knew, or could have known, of them.

Both parties to the complaint, and our Investigator, have commented on the financial agreement that was reached when Miss A divorced from her husband. So, I've also thought about this.

Miss A has noted that even though the agreement said that both sides wouldn't pursue each other for financial assets this shouldn't prevent Barclays from assisting her. I don't disagree with this, and I have seen that Miss A has clearly said, and it is demonstrated, that she didn't benefit from the divorce proceedings and related financial agreements. But I don't think this impacts on my findings above, Barclays didn't need to do anything differently due to its lack of knowledge of Miss A's situation.

And Barclays did note that Miss A confirmed in the divorce agreement that the loan debt was hers and she could repay it. Again, this is not directly relevant to what I have said about the lending, but it does add to my findings that it may not have been straightforward for Miss A to have informed Barclays of her situation, even if she felt able to.

Because of all of this I don't think it's fair to say that Barclays was wrong to lend or that it could have assisted her further within the term of the loan. So, I'm not upholding Miss A's complaint about the lending.

And lastly, I can see that Miss A has been through a very difficult time and I hope things have improved for her. I know this will not be the answer to her complaint that she wanted but I hope it doesn't cause any undue, or further, distress. I'm sorry we can't do more to assist here.

My final decision

For the reasons set out above, I don't uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 17 February 2025.

Andy Burlinson
Ombudsman