

The complaint

Miss S complains that Barclays Bank UK PLC irresponsibly lent her a loan in April 2023.

What happened

Miss S took out a loan with Barclays in early April 2023. She borrowed £4,500 over a term of four years. The monthly loan repayments were £125.04.

Miss S made the loan payments until November 2023, when the direct debit for the loan was cancelled. She was no longer in paid work and she discussed her situation with Barclays. Barclays offered her a new interest-free loan to repay the existing loan, with monthly payments of around £60 for 66 months. Miss S accepted that offer and the new loan was opened in July 2024.

In October 2024 Miss S made a complaint. She said the loan Barclays lent her in April 2023 was unaffordable and Barclays had been irresponsible in lending it to her, it should have seen from her bank account with it that she was in financial difficulty, and it didn't do proper affordability checks. She said she had lost her job in March 2023 and wasn't working when she made the loan application at the start of April. She had started a new job in May 2023 but became too ill to work soon afterwards.

Barclays said Miss S had told it on her loan application that she was employed full time with a net monthly income of £1,600. It thought it had lent her the loan responsibly and it had done nothing wrong. But it said it could see the loan was no longer affordable after Miss S lost her job, so it refunded all the interest it had charged on the loan.

Miss S asked us to look into her complaint. Our Investigator said that Barclays had carried out proportionate checks before lending and was reasonable in concluding that the loan was affordable. He didn't recommend that the complaint should be upheld.

Miss S didn't accept that conclusion and asked for a review. She still thought that Barclays hadn't done enough to check she could afford the loan payments. She said she was unemployed with no reliable source of income when she made her application and the loan had made her financial situation worse.

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.

Having done so, I've come to the same overall conclusion as the Investigator did. I don't consider that this complaint should be upheld.

In assessing Miss S's loan application, Barclays needed to take reasonable steps to ensure that, if it agreed to lend, it did so responsibly. In practice, this means it should have carried out proportionate checks to make sure that Miss S could afford to repay any money it lent in

a sustainable way. These checks could take into account a number of different things, such as how much was being lent, the level of monthly payments and Miss S's income and expenditure. But there was no set list of checks Barclays had to do.

Barclays has provided details of the information Miss S gave it in her loan application, together with the checks it carried out when deciding whether to lend. Miss S said she was employed full time with a net monthly income of £1,600, and she was living with family with no dependants. She paid rent of around £280 a month.

Barclays has said that it used this information, together with information on Miss S's credit report, what it knew about Miss S from the way she ran her existing current account with it, and data from the Office of National Statistics (ONS) to model her expenditure based on her circumstances. On this basis its records show that it calculated Miss S would have around £260 disposable income each month after making monthly payments of £125.04 to the new loan.

Miss S has said that Barclays didn't do enough, it didn't ask her any questions after she applied for the loan, and it failed to verify the information she provided or her wider circumstances. A lender doesn't have to ask a prospective borrower more questions before lending, and I don't think Barclays necessarily needed to do so before approving Miss S's application. Barclays relied on the information Miss S provided in her application, the information on her credit file and information it had about her as an existing customer. It was entitled to do that, and this information included Miss S's declaration that she was employed with a net monthly income of £1,600.

The bank statements Miss S has since provided show that this was the amount she was earning before she stopped working in March 2023 shortly before she made the loan application. So the income Barclays relied on when assessing the affordability of the loan would have been accurate had Miss S not lost her job shortly before applying for the loan. I've also seen copies of Miss S's Barclays bank statements. While her salary wasn't paid into that account, before she took out the loan it appeared to be well run with no clear signs of financial difficulty – Miss S was using it regularly and kept it in credit.

Miss S has also said that the disposable income Barclays calculated she would have after making the loan payments wasn't enough to live on. It calculated this to be around £260 *after*, not before, the loan payments had been made. I've considered Barclays' assessment carefully and I can see that it also factored in Miss S's declared rent, finance payments and other essential expenditure, plus a buffer of £80 and the new loan payments before reaching a disposable income figure at the level it did.

In all the circumstances I consider that Barclays carried out proportionate checks given the amount of the loan, the level of the monthly loan payments, what Miss S declared on her application and what it knew about her. It isn't the case that it didn't carry out any checks. I'm satisfied that it did do so, even though they didn't go as far as Miss S now says she would have expected.

I also consider that the loan appeared to be affordable given what Barclays knew and what Miss S told it at the time she took it out, and that it has turned out not to be affordable because she hasn't been in paid employment. I don't consider that Barclays' decision to lend Miss S the loan was irresponsible or unfair.

Barclays has re-worked Miss S's loan and refunded interest in such a way that Miss S hasn't been charged any interest or other fees on it. It is interest-free. Barclays has also come to an arrangement with Miss S for repayment based on her current circumstances. I find no basis

on which I can reasonably require it to do any more than that, and given my overall conclusions I don't consider that it should remove the loan from Miss S's credit file.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 14 July 2025.

Janet Millington
Ombudsman