

## The complaint

Miss P complains that Barclays Bank UK PLC was irresponsible in its lending to her. She wants all interest and charges she has paid refunded along with 8% simple interest and any adverse information about these loans removed from her credit file.

Miss P is represented by a third party but for ease of reference I have referred to Miss P throughout this decision.

## What happened

Miss P was provided with five loans by Barclays the details of which are set out below.

Date	Loan Amount	Term	Monthly repayment
27/03/2019	£1,000	12months	£89.88
08/08/2019	£2,700	24 months	£128.94
08/01/2021	£3,000	18 months	£176.62
07/07/2021	£3,600	12 months	£310.68
07/12/2021	£8,600	36 months	£258.93

Miss P says that Barclays failed to carry out appropriate and reasonable checks before providing the loans to ensure they were affordable for her.

Barclays issued a final response letter dated 15 April 2024. It said that as part of its investigation it completed income and expenditure assessments for the six months leading up to each loan application. It said it used the information contained within Miss P's bank statements and considered her primary expenditure from direct debits and standing orders and not any secondary expenditure such as general transactions, shopping and fuel that could fluctuate each month. It said that based on its calculations the loans were affordable.

Miss P referred her complaint to this service.

Our investigator noted that Barclays had completed the same checks before each loan was provided, being a credit check and a review of Miss P's bank statements. She noted that the checks hadn't raised concerns and as Barclays had access to Miss P's bank statements to show her income and expenditure, she thought the checks completed were proportionate.

Our investigator reviewed the information available to Barclays leading up to each loan being provided. She was satisfied that loans one, two and three all appeared affordable. However, having reviewed Miss P's bank statements for the months leading up to loans four and five



she found that her monthly expenses exceeded her income and so she didn't think that these loans should have been considered affordable. She noted the income figure that Barclays had used in its assessment but said this included all transfers in and out of the account and as these weren't regular income, she didn't think they should be included. Based on Miss P's regular income she said the loan repayments weren't affordable and she upheld this complaint regarding loans four and five.

Barclays responded to our investigator's view. It said that as well as Miss P's income from her employer and the receipt of child benefit, she was also receiving payments into the account from third parties. It said it was reasonable to include these receipts as part of Miss P's income when the payments were regular and consistent. It said it verified Miss P's income with her current account and this gave a monthly income of £2,841 for loan four and £2,600 for loan five. It noted that Miss P had an excellent repayment history with the final loan being repaid in November 2022. It said there had been no evidence provided to suggest that Miss P was facing financial difficulty at the time of the loans or that the loans weren't sustainably affordable for Miss P.

Our investigator reviewed Barclays' comments but as these didn't change her view, this case was passed to me, an ombudsman, to issue a decision.

### *My provisional conclusions*

I issued a provisional decision not upholding this complaint. The details of my provisional decision are set out below.

*In this case, Miss P had a bank account with Barclays and Barclays has said that it used transaction data and information from the credit reference agencies to assess Miss P's applications. While details of the checks carried out before loans one, two and three haven't been provided, I think the information available to Barclays at the time of the applications was reasonable and was sufficient to enable proportionate checks to take place.*

*Just because I think proportionate checks took place, this doesn't necessarily mean that the lending was responsible. To assess this, I have looked through the information available to Barclays to see whether this should have raised any concerns about the affordability of the loans or other issues that would raise concerns about the responsibility of providing credit to Miss P. I have considered each lending decision and set out my findings below.*

### *Loan One: March 2019*

*Loan was for £1,000 with monthly repayments of around £90. I have looked at Miss P's credit report that she has provided, and this shows that, at the time of the application, aside from her Barclays accounts, she had utility and communications contracts and a mortgage all of which were being maintained. She had no other outstanding borrowing. Therefore, I do not find that a credit check would have raised any concerns about Miss P's indebtedness or how she was managing her commitments.*

*In the three months leading up to the lending decision, Miss P's account statements show that she was receiving monthly income from her employer, benefits and payments from other third parties as well as making transfers in and out of her account. Combining her employment and benefits income gave a monthly income of around £2,070. Her regular expenses for costs such as her mortgage, council tax, utilities, insurances and communications/media contracts were around £920, which left over £1,000 to cover the cost of the loan and Miss P's general living costs. So, even without including the payments from the third parties, I do not find that there should have been concerns the loan wasn't affordable.*



*As the loan appeared affordable and the credit report doesn't suggest any other reasons why the lending shouldn't have been provided, I do not uphold this complaint in regard to loan one.*

#### *Loan Two: August 2019*

*Loan one was repaid when loan two was provided and Miss P had maintained her repayments for loan one without any issues, so I do not find that her loan account management should have raised any concerns. Miss P's credit report doesn't raise concerns about her reliance on credit or how she was managing her commitments at the time. So, I do not find that this meant that further borrowing shouldn't have been provided.*

*The repayments due under loan two were for around £129, which was higher than the amounts due under loan one, and so Barclays needed to ensure the additional credit being provided was affordable for Miss P.*

*In the three months leading up to the lending decision, Miss P's account statements show that she was receiving monthly income from her employer and benefits averaging around £1,876. Additional to this she was also receiving regular payments from third parties. Her regular expenses for costs such as her mortgage, council tax, utilities, insurances and communications/media contracts were around £970, which left around £900 to cover the cost of the loan and Miss P's general living costs. So, even without including the payments from the third parties, I do not find that there should have been concerns the loan wasn't affordable.*

*As the loan appeared affordable and the credit report doesn't suggest any other reasons why the lending shouldn't have been provided, I do not uphold this complaint in regard to loan two.*

#### *Loan Three: January 2021*

*Loan two was repaid when loan three was provided. Miss P had maintained her repayments for loan two without any issues, so I do not find that her loan account management should have raised any concerns. The loan amount was £3,000 and repayments were around £177 a month. Miss P was increasing her borrowing with each loan that she had taken out. Considering this, and as the repayment amounts had increased Barclays needed to ensure that it was responsible to lend this increased amount to Miss P.*

*Miss P's credit report doesn't raise concerns about how Miss P was managing her commitments (which additional to her Barclays accounts included utilities and communications/media contracts and a hire purchase account). It didn't suggest that Miss P was in financial difficulty or over indebted.*

*In the three months leading up to the lending decision, Miss P's account statements show that she was receiving monthly income from her employer and benefits averaging around £1,650. Additional to this she was also receiving regular payments from third parties. Her regular expenses for costs such as her mortgage, council tax, utilities, insurances and communications contracts were around £1,140, which left around £510 to cover the cost of the loan (£176.62) and Miss P's general living costs. While this was a relatively low amount to cover Miss P's living costs and any unforeseen expenses, as she was also receiving regular payments from third parties which were never lower than £1,000 a month, I do not find that I have enough to say that this lending shouldn't have been provided.*

#### *Loan four: July 2021*



*Loan three was repaid when loan four was provided. Miss P had maintained her repayments for loan three without any issues, so I do not find that her loan account management should have raised any concerns. The loan amount was £3,600 which was a further increase in the amount Miss P was borrowing and she was required to repay the loan over 12 months giving monthly repayments of around £311. While I do not find Miss P's credit file raised concerns about how she was managing her commitments or her overall level of indebtedness, given the increased repayment amounts, it was important that further affordability checks were carried out to ensure the additional lending would be sustainably affordable for Miss P.*

*When Miss P applied for loan four, she declared an annual income of £15,000. An income and expenditure assessment was carried out which showed Miss P's monthly income to be £2,841 and after deducting her expenses including the repayments due under loan four, Barclays said Miss P had monthly disposable income of around £878.*

*Our investigator came to a different, lower figure for Miss P's income and because of this she upheld the complaint regarding this loan. I have looked through Miss P's account statements for the three months leading up to the loan being provided and can see that Miss P was receiving a monthly income from her employer which did vary and child benefit. The average monthly income from these sources was around £1,190. Miss P received income from third parties, and she has explained that this was for child maintenance and for rent and bills. While the amounts did vary, the third-party paying maintenance made monthly payments of £200 in the months leading up to the loan being provided (and beyond this) and another third party was making payments of £300 a week towards rent and bills (this person made additional payments but I think it fair to only include the £300 a week). As these payments were made on a regular basis in the months leading up to the lending, I think it is reasonable to accept this was a regular income stream for Miss P to use. Including these amounts in Miss P's monthly income increased it to around £2,600.*

*Miss P's monthly expenses for her other credit commitments (excluding the Barclays loan), housing costs, utilities and other similar expenses were around £1,160. This would leave Miss P with around £1,440 to make the repayments due under this loan (£311) and to pay her general living costs and any other expenses. In this case, I do not find that this suggested the loan to be unaffordable for Miss P.*

#### *Loan Five: December 2021*

*Loan four was repaid when loan five was provided. Miss P had maintained her repayments for loan four without any issues, so I do not find that her loan account management should have raised any concerns. I do not think her credit report raises concerns about the how she was managing her commitments at the time.*

*Loan five was for £8,600. This was a substantial increase in the amount Miss P was borrowing. The monthly repayments were lower under this loan (around £259) than loan four, due to the loan term being longer (36 months). But, given the size of the loan compared to Miss P's declared income of £15,000 and noting the term that she needed to make repayments over, I have assessed the information contained in Miss P's account statements to understand whether this should have raised concerns about the affordability of the loan.*

*In assessing Miss P's income, I have taken the same approach as I set out for loan four and included Miss P's salary, benefits and the regular payments from third parties. I haven't included any ad hoc or less regular payments. This gives Miss P an average monthly income of around £2,550. Miss P's expenses had increased slightly since the previous loan application, to around £1,175. Deducting Miss P's expenses from her income would leave Miss P with around £1,375 to cover the cost of the loan repayments and her general living*



*costs. Taking this into consideration, I do not find that I can say Barclays should have considered this loan unaffordable.*

*While the loan did appear affordable, I have also considered that Miss P was taking out new loans in close succession and that the amount being borrowed was increasing. While I think this could have raised concerns, given her level of overall indebtedness, and that her credit report and account management didn't raise concerns and noting the amount of disposable income available, I do not find at this point I have enough to say the loan shouldn't have been provided. I understand the loan was settled in November 2022.*

*In summary, I find that Barclays had the information available to it to carry out proportionate checks and that based on these the loans appeared affordable. As I do not find the information gathered raised any other concerns that meant the lending shouldn't have been provided, I do not find I can uphold this complaint.*

*I've also considered whether Barclays acted unfairly or unreasonably in some other way given what Miss P has complained about, including whether its relationship with Miss P might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Barclays lent irresponsibly to Miss P or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.*

No new information was provided in response to my provisional 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

As I set out in my provisional decision, I find that Barclays had the information available to it to carry out proportionate checks as it had access to Miss P's transaction data showing her monthly income and expenses and carried out credit checks. Based on the information available, I think it reasonable that Barclays considered the loans to be affordable and I do not find the information gathered raised any other concerns that meant the lending shouldn't have been provided.

As no new information was provided in response to my provisional decision, my conclusions haven't changed. And for the reasons I set out in my provisional decision, I do not uphold this 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 Miss P to accept or reject my decision before 15 April 2025.

Jane Archer  
**Ombudsman**