

The complaint

Mrs U says Barclays Bank UK PLC discriminated against her and were unreasonable to decline her loan application based on her immigration status.

What happened

When Mrs U applied for a loan with Barclays they declined her application and explained that the reason was due to her immigration status. Mrs U was upset at that as she has been a British citizen for 30 years. Barclays subsequently explained that they'd made a mistake and entered the wrong wasn't the case and that they'd made a mistake and entered the wrong reason code. The real reason, Barclays said, was that Mrs U hadn't met their lending criteria.

Barclays offered Mrs U £250 in respect of the distress and inconvenience caused but Mrs U didn't think that was sufficient. She referred her complaint to this service. Our investigator thought the compensation should be increased to £400 but Mrs U was still dissatisfied. She thought £4,000 would be more reflective of the distress and inconvenience caused and she asked for a final decision by an ombudsman.

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.

I agree with our investigator's view of this complaint, I'm upholding it, but I think the compensation our investigator has suggested is fair.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Barclays didn't have to accept Mrs U's loan application. They are free to apply their own objective lending criteria as long as it's fairly applied. When consumers ask why their applications have been denied we would expect businesses to provide the main reason.

It's not for this service to decide whether a business has racially discriminated against a consumer. That's a decision for the courts to make but I can consider whether Barclays have been fair to Mrs U.

Barclays have explained that they entered the wrong reason code and that the real reason for the loan being declined was that the application didn't meet their affordability criteria. I don't think it would necessarily be unfair to refuse a loan because of a consumer's immigration status. It seems to me that where someone doesn't have a permanent residence

in the UK the risk of lending may be higher because a lender may consider such a consumer to be harder to trace and pursue for repayment. I wouldn't, however, think it reasonable if the refusal was a blanket refusal and if Barclays were not prepared to lend to all non-UK nationals.

What's clear here is that Barclays caused Mrs U unnecessary distress and inconvenience by entering a reason code that caused Mr U to have to provide unnecessary proof of residence. Mrs U has explained she'd been a customer of Barclays for 24 years and I can understand that rejection for credit on the grounds initially given would have caused concern, not least of which may have been that the bank may be treating her differently because of her ethnicity.

I can, however, see that any distress and inconvenience was limited to around two months and that Barclays admitted the error and offered some compensation. Taking all of that into account I think £400 is reasonable compensation and I'm, therefore asking Barclays to pay Mrs U that, less any compensation they may have already paid.

My final decision

For the reasons I've given above, I uphold this complaint and tell Barclays bank UK PLC to pay Mrs U £400 to compensate her for the distress and inconvenience caused. They can deduct £250 if they've already paid that to Mrs U.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs U to accept or reject my decision before 14 May 2025.

Phillip McMahon
Ombudsman