

## **The complaint**

Mrs H, through a representative, says Barclays Bank UK PLC trading as Tesco Bank, irresponsibly lent to her.

## **What happened**

Mrs H took out a loan for £7,500 over 48 months from Tesco Bank on 4 February 2019. The monthly repayments were £165.87.

Mrs H says Tesco Bank failed to conduct proportionate checks and could have done more prior to lending.

Tesco Bank says it carried out appropriate checks that showed the loan was affordable.

Our investigator did not uphold Mrs H's complaint. He said Tesco Bank's checks were proportionate and it made a fair lending decision based on the information it gathered.

Mrs H disagreed and asked for an ombudsman's review. She said she was not earning the salary Tesco Bank used in its affordability assessment. She was not in permanent employment so her salary was not only lower, but variable too.

## **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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website including the key relevant rules, guidance and good industry practice. I've had this approach in mind when considering Mrs H's complaint.

Tesco Bank needed to take reasonable and proportionate steps to ensure that it didn't lend to Mrs H irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Mrs H could repay the loan in a sustainable way. These checks could take into account a number of things such as the loan amount, the repayment amount and Mrs H's income and expenditure.

This means to decide this complaint I need to consider if Tesco Bank's checks were proportionate; if so, did it make a fair lending decision; if not, what would proportionate checks most likely have shown; and finally, did Tesco Bank act unfairly towards Mrs H in some other way.

I've looked at the checks Tesco Bank carried out. It asked for Mrs H's income and outgoings and residential status. It verified her declared income by looking at her current account turnover through one of the credit reference agencies. It then checked her living costs using national averages. It carried out a credit check to understand her credit history and existing credit commitments. It was also able to use this data to verify her housing costs as she had a mortgage. From these checks combined it concluded Mrs H had enough disposable income for this loan to be sustainably affordable.

I think these checks were proportionate given the value of the monthly repayments relative to Mrs H's verified income. And I find that Tesco Bank made a fair decision based on the information it gathered. I'll explain why.

Mrs H's verified net monthly income was £2,175. I know she has challenged this but Tesco Bank successfully verified this via an external agency so it was reasonable for it to rely on that figure. Her monthly housing and living costs were £1,085. Her monthly unsecured credit commitments were £359. So it was reasonable for Tesco Bank to conclude the loan was affordable on a pounds and pence basis. But it also had to check that repaying the loan would not cause Mrs H to borrow to repay, or any other adverse financial consequences over the term of the loan.

From its credit check Tesco Bank learnt Mrs H had £14,460 of active debt. This was well-managed. She had no defaults, arrears or CCJs registered against her. She was only using 3% of her available revolving credit. So I cannot conclude there were any indicators of financial strain that Tesco Bank did not consider.

It follows I don't find it was wrong for Tesco Bank to lend to Mrs H.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Tesco Bank lent irresponsibly to Mrs H 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.

### **My final decision**

I am not upholding Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 31 July 2025.

Rebecca Connelley  
**Ombudsman**