

The complaint

Mr H complains that Barclays Bank UK PLC trading as Tesco Bank ("Tesco") irresponsibly lent to him. Mr H says he was in a vulnerable position and reasonable checks would have shown Tesco shouldn't have lent.

What happened

Mr H entered into a loan agreement with Tesco in August 2024. The loan amount was £10,000 and the term of the agreement was 62 months with 60 monthly payments of £244. Mr H has said he's in financial difficulties and is struggling to keep up with his repayments. When Mr H complained to Tesco, it didn't uphold his complaint, it said it carried out proportionate checks and those checks showed Mr H could afford the loan repayments.

Unhappy with Tesco's response, Mr H referred his complaint to the Financial Ombudsman Service.

One of our investigators looked at the complaint and didn't think Tesco had done anything wrong so didn't recommend that the complaint be upheld. Mr H disagreed and asked for an ombudsman's 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.

Tesco will be aware of all the rules, regulations and industry practice we consider when assessing complaints about irresponsible/unaffordable lending. We've set out our general approach to these types of complaints - including all of the relevant rules, guidance and good industry practice - on our website. So, I don't think it is necessary to set it all out in this decision.

In summary, Tesco needed to ensure that Mr H could afford to make his repayments on the agreement when they fell due, throughout the term of the agreement. The relevant rules and regulations don't prescribe what checks need to be carried out, but the checks need to be reasonable – considering the specific circumstances of the consumer. Tesco needed to carry out reasonable and sufficient checks to satisfy itself Mr H could afford the repayments on his agreement in a way that wasn't detrimental to his financial position and was sustainable.

Tesco has provided information to show that Mr H completed an application online and declared his monthly net income as £4,687. Mr H declared he was renting, and the purpose of the loan was to refinance.

Tesco verified Mr H's income using tools from a credit reference agency and searched Mr H's credit file to find out his credit commitments. The search into Mr H's credit file showed he had monthly credit commitments of £621 with a total outstanding balance of £28,386. I appreciate Mr H has said in his complaint form that he had over £40,000 worth of debt at the

time, the checks Tesco carried out didn't show this. I've also seen a copy of Mr H's credit report which he provided, and that report doesn't show that Mr H had £40,000 in outstanding balances at the time this loan was granted.

Tesco also says it estimated Mr H's living costs including credit commitments as £3,899. Given what Tesco found, Mr H had sufficient disposable income to afford the loan repayment and have income left over.

Looking at the circumstances, Tesco's checks were sufficient. I say this because the repayment amount was around 5% of Mr H's net monthly income and the search of his credit file didn't show anything that was of concern. In the circumstance, I don't think there's anything that reasonably prompted Tesco to take its checks further.

Mr H has shared some sensitive information with this service – he has said he had a gambling problem and had Tesco checked his bank statements, it would have seen this. As stated above, I think Tesco's checks went far enough, and I don't think it needed to go further to request bank statements. Tesco has also confirmed that Mr H didn't disclose his gambling problem until he made his complaint in January 2025. Based on this; and while acknowledging Mr H's problem, Tesco couldn't have become aware of Mr H's gambling through the reasonable checks it carried out, and so it couldn't have reacted to Mr H's gambling.

Based on the circumstances here, Tesco carried out enough checks before agreeing to lend and those checks showed Mr H could afford his monthly repayments. I don't think Tesco lent when it shouldn't have. So, I won't be asking it to take any actions to put things right for Mr H.

My findings will likely disappoint Mr H, but I hope my explanation helps him understand why I've reached these conclusions.

My final decision

For the reasons given above, I do not uphold this complaint or make any awards against Barclays Bank UK PLC trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 June 2025.

Oyetola Oduola
Ombudsman