

The complaint

Mr M, through a representative, says Marks & Spencer Financial Services (M&S) Plc irresponsibly lent to him.

What happened

Mr M took out a loan for £10,000 over 48 months from M&S on 23 February 2022. The monthly repayments were £233.68. Mr M settled the loan early in June 2024.

Mr M says M&S failed to conduct proportionate checks and could have done more prior to lending.

M&S says it carried out an affordability assessment and a creditworthiness check that showed Mr M could afford the loan.

Our investigator did not uphold Mr M's complaint. They said M&S's checks were proportionate and it made a fair lending decision based on the information it gathered.

Mr M disagreed and asked for an ombudsman's review.

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 Mr M's complaint.

M&S needed to take reasonable and proportionate steps to ensure that it didn't lend to Mr M irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Mr M 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 Mr M's income and expenditure.

This means to decide this complaint I need to consider if M&S'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 M&S act unfairly towards Mr M in some other way.

I've looked at the checks M&S carried out. Mr M declared a gross annual income of £56,000 which gave a net monthly income of £3,586. M&S validated this using a model that looks at the normal range based on age, employment status and demographics. It used national statistics to estimate his monthly living expenses. It used a rental model to assess his housing costs as he had said he was a tenant. It carried out a credit check to understand his existing credit commitments and credit history. From all its checks combined it concluded Mr M had £1,060 disposable income each month and so could afford this loan.

I think these checks were proportionate given the monthly repayments relative to Mr M's income, and that M&S made a fair decision based on the results. I'll explain why.

M&S's income and expenditure analysis showed Mr M could afford the loan on a pounds and pence basis as he had monthly disposable income of over £1,000. And its credit check showed he had no significant adverse data on his credit file. He had £12,351 of debt that was all well-managed. His credit utilisation was low at under 20% and he was not using any of his overdraft facility. So I don't think there were any indicators of financial pressure that M&S needed to consider.

It follows I don't find it was wrong for M&S to lend to Mr M.

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 M&S lent irresponsibly to Mr M or otherwise treated him 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 Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 July 2025.

Rebecca Connelley
Ombudsman