

The complaint

Mr C complains that Shawbrook Bank Limited ("Shawbrook") irresponsibly provided him with a loan whilst he was vulnerable and without conducting affordability checks.

What happened

Shawbrook provided Mr C with a loan for £10,000 on 12 April 2019. The loan was to be repaid over 60 months at £215, with a total repayable of £12,945.

On 16 September 2024, Mr C complained to Shawbrook that it had lent to him irresponsibly whilst he was vulnerable and he had to cash in his pension to pay off the loan. He felt that Shawbrook hadn't conducted sufficient checks and if it had, his financial difficulties would have been obvious.

Following Mr C's complaint, Shawbrook wrote to him in a final response (FRL) on 20 September 2024 and explained it wasn't upholding his complaint. Unhappy with this response, Mr C referred the complaint to us.

Our investigator thought Shawbrook had conducted proportionate checks before agreeing to lend and had made a fair lending decision and didn't uphold Mr C's complaint.

As Mr C disagreed with this outcome the case has been passed to me to make a 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.

Having done so, I've reached the same conclusion as that of our investigator and for broadly the same reasons.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Shawbrook will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So,

I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Having carefully looked at everything provided by both parties, I've decided to not uphold Mr C's complaint. I've explained why below.

Shawbrook's decision to lend to Mr C

Shawbrook needed to make sure that it didn't lend irresponsibly. In practice, what this means is Shawbrook needed to carry out proportionate checks to be able to understand whether Mr C could afford to repay the loan he had applied for before granting it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Shawbrook says it agreed to Mr C's application after he provided details of his employment and salary and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and by using national statistical data. Shawbrook said there was no recent adverse credit information prior to the applications such as defaults or delinquencies. In Shawbrook's view all of this information showed Mr C could afford to make the repayments for the loan he would be committing to.

On the other hand, Mr C has said he was vulnerable after being discharged from hospital and had vastly inflated the income he declared upon application.

I've carefully thought about what Mr C and Shawbrook have said.

Shawbrook's decision to lend £10,000 to Mr C on 12 April 2019

Shawbrook provided Mr C with a loan for £10,000 with monthly repayments of £215 over 60 months, with a total repayable of £12,945. Mr C declared he was self-employed working full time and had an annual income of £65,000. After taking into consideration Mr C's monthly expenditure including his mortgage and other credit commitments, Shawbrook said it left Mr C with a healthy disposable income of around £1,737 in which to repay this new loan.

But Shawbrook didn't just simply accept what Mr C said. It carried out credit searches which showed that Mr C had no recent adverse information on his credit file that it could see. Shawbrook also considered national statistical data when assessing the information Mr C had provided, including his income. And Shawbrook explained it used a credit scoring process to assess the affordability and sustainability of the loan going forward. And in this particular case, the loan wasn't automatically approved but referred to an underwriter to review prior to the loan being approved. Shawbrook also explained that on checking his income he declared, this salary had been used on other finance applications made prior to applying for this loan. And although Mr C did have a number of other credit commitments that his credit report highlighted, the loan from Shawbrook appeared both affordable and sustainable.

We asked Mr C to provide a copy of his credit report so we could see what Shawbrook would have seen at the time of his application but unfortunately he's been unable to provide us with a credit report we are able to access.

I accept that Mr C appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Shawbrook obtained. Mr C told us that the loan was applied for the day after he was discharged from hospital. However, Mr C didn't make Shawbrook aware of these issues until he made his complaint to it and nor would it have been evident from the information it obtained. I'm sorry to hear about what Mr C told us was happening in his personal life at the time and I hope that things have since improved.

Mr C has also disputed that he signed the application prior to it being approved but I've seen evidence that this was done so electronically.

But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the lack of obvious indicators of an inability to make the monthly repayments in the information Shawbrook did obtain, I don't think that reasonable and proportionate checks would have extended into requesting the information that would have shown Mr C's personal issues at the time.

At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr C's regular living costs. And I don't think that conducting a full financial review – which was really the only way that it might have been able to find out the full extent about Mr C's circumstances - was the only way that Shawbrook could have done this. But I think going as far as this would have been disproportionate given the circumstances. And given the fact that Mr C wanted this loan, I'm not sure he would have disclosed his full financial situation in the knowledge that if he had, the loan may not have been approved. I say this as Mr C disclosed he earned £65,000 per year when he applied for this loan but has since confirmed it was more in the region of £10,000.

As this is the case, I don't think that Shawbrook did anything wrong when deciding to lend this loan to Mr C - it carried out proportionate checks (albeit I accept that Mr C doesn't agree that these went far enough) and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that Shawbrook treated Mr C unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr C's complaint. I appreciate this will be very disappointing for Mr C as I can see that he feels strongly about this matter. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Did Shawbrook act unfairly in any other way

I've also considered whether Shawbrook acted unfairly or unreasonably in any other way, including whether the relationship between Mr C and Shawbrook 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 Shawbrook lent irresponsibly to Mr C 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

For the reasons given above, I'm not upholding Mr C's complaint against Shawbrook Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 November 2025.

Paul Hamber
Ombudsman