

The complaint

Miss R complains that Sainsbury's Bank Plc irresponsibly provided her with a loan.

What happened

In March 2022, Miss R applied for a £10,000 loan with Sainsbury's Bank. The application was approved and the funds drawn down.

Some years later, in early 2025, Miss R complained to Sainsbury's Bank. She said, in summary, that she thought it hadn't carried out appropriate checks to determine whether the loan she'd requested was affordable for her. Sainsbury's Bank rejected Miss R's complaint. It defended its decision to provide the loan and said it had carried out suitable checks, so as to determine her affordability, in the circumstances.

Miss R remained unhappy, and she referred her complaint to this Service. An Investigator here looked at what had happened; having done so, they didn't think Miss R's complaint should be upheld. In summary, the Investigator said:

- Overall, in the circumstances, Sainsbury's Bank had carried out proportionate checks before agreeing to lend. It had reasonably relied upon information Miss R provided in her application; it had checked Credit Reference Agency (CRA) data, and it had carried out an affordability assessment too.
- Those checks hadn't revealed anything which suggested the loan was, or would be, unaffordable for Miss R.
- As such, given the results of its proportionate checks, Sainsbury's Bank didn't need to verify Miss R's financial position. So, nothing would've shown it that Miss R might have been experiencing deeper, underlying, financial strain or difficulty.
- With all of that in mind, Sainsbury's Bank hadn't done anything wrong in the circumstances of this case.

Miss R disagreed. She maintained her position that Sainsbury's Bank hadn't done enough to understand her wider financial position before agreeing to lend; she thought there was a lack of evidence to support the figures used in Sainsbury's Bank's checks and, if her true circumstances had been shown, Sainsbury's Bank would've – or ought to have – determined this loan to be unaffordable.

Our Investigator reconsidered, in light of Miss R's comments, but they didn't change their mind. In short, the Investigator reiterated how – in these circumstances – it was reasonable of Sainsbury's Bank to have relied upon the results of its checks. So, as no agreement has been reached, Miss R's complaint has been passed to me to decide.

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.

At the outset, I'll say that I noted how Miss R was intending to provide further information about her complaint here. I know we extended the deadline for further submissions due to Miss R recovering from surgery – and I'd like to pass on my best wishes to her in that regard – but that extended deadline has now passed. As I understand it, we've not heard anything further from Miss R. In any event, I'm satisfied that all the information I require to reach my decision is already available. So, with that in mind, I see no reason to delay and have considered Miss R's complaint based upon the information currently on file.

In short, when making a lending decision, Sainsbury's Bank needed to make sure that it didn't provide loans irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable; Sainsbury's Bank had to do so with Miss R's specific circumstances in mind before providing any credit.

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 that information – in the early stages of a lending relationship.

That said, we might think a lender needed to do more if, for example, a borrower's income was low, or the amount lent was high. Additionally, 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.

Here, Sainsbury's Bank says it gathered details of Miss R's income; it used Office of National Statistics (ONS) data to determine Miss R's day-to-day expenses, it carried out a credit check too, an affordability assessment, and used CRA data to build in Miss R's existing credit repayments. It considered the purpose of the loan, and it added a buffer to figures Miss R had provided – that's so it could determine affordability even if Miss R had additional costs. Sainsbury's Bank says that all of the information it received as a result of those checks indicated the loan was affordable for Miss R.

Looking at the results of those checks, I can see that nothing showed any recent defaults nor missed payments; no County Court Judgements or Individual Voluntary Arrangements were recorded either. Miss R declared an annual income of £56,000 – something which Sainsbury's Bank was entitled to rely upon – and after subtracting her expenditure the checks largely determined that Miss R could afford the repayments for this loan. Broadly then, with all of that in mind, my view is that the checks Sainsbury's Bank performed were proportionate. In the circumstances, and given the results of its checks, I'm not persuaded it would have been necessary for Sainsbury's Bank to request more information, or evidence, from Miss R before the loan was approved.

I know Miss R has concerns that the information Sainsbury's Bank relied upon wasn't entirely accurate. She's said she had further debt, and that Sainsbury's Bank didn't gather enough information and/or tangible evidence to support her ability to repay the loan. Those are all understandable concerns, but the fact is that there are no fixed checks that businesses must complete when reviewing an application for credit. The rules applicable at the time Miss R applied purely state that checks should be proportionate to the type of lending and term of the loan. There's no requirement on a lender to review specific things such as bank statements or pay slips. So, I can't fairly say that Sainsbury's Bank was wrong

to not run those sorts of checks for Miss R; there was no regulatory requirement to do that and, instead, I'm satisfied that it was entitled to rely upon the checks it carried out.

It follows that while I know Miss R says her genuine position was worse than what Sainsbury's Bank uncovered, I don't think it needed to verify her financial position. Nothing suggested Miss R was becoming overly reliant on credit, or mismanaging her existing accounts, and it also seemed as though Miss R had sufficient disposable income remaining to meet the loan repayments each month without any concern.

To be clear, I'm not saying that Miss R wasn't under some level of financial pressure; it's just that here, in these circumstances, Sainsbury's Bank didn't need to complete the level of checks required to discover that. Instead, as I've said above, I find that the level of checks it did carry out were proportionate to the amount being lent, the lending relationship, and the results of those checks.

As with any complaint, the key point to remember here is that it's only fair and reasonable for me to uphold a complaint where I can conclude a business did something wrong. Here, for the reasons I've explained, I don't think that Sainsbury's Bank could have known that the payments for this loan were – or would become – unaffordable at the time of lending. So, for the reasons I've already given, I don't think Sainsbury's Bank lent irresponsibly to Miss R or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 20 August 2025.

Simon Louth
Ombudsman