

The complaint

Mr M complains Clydesdale Financial Services Limited trading as Barclays Partner Finance (BPF) irresponsibly lent because it didn't carry out reasonable and proportionate checks to ensure the lending was affordable for him.

What happened

Mr M complains about three loans he took out with BPF. This included the following:

| Date | Credit amount | Interest Rate | Loan Term | Monthly Repayment | Total amount payable |
|------------------|---------------|---------------|-----------|-------------------|----------------------|
| 27 November 2022 | £748 | 14.89% | 36 months | £25.55 | £919.80 |
| 17 May 2023 | £998 | 0% | 24 months | £41.57 | £998 |
| 8 July 2023 | £2,287.50 | 0% | 36 months | £63.54 | £2,287.50 |

Mr M is represented in his complaint, but for ease of reading, I'll simply refer to Mr M throughout this decision. Mr M complained to BPF about each of the loans and said BPF didn't carry out adequate checks when assessing the affordability of the loans. BPF didn't uphold the complaint explaining that it was satisfied the checks carried out were reasonable and proportionate and that it made a fair lending decision.

Mr M remained unhappy and asked our service to investigate. Our Investigator looked into things and explained why she didn't feel the complaint should be upheld. She felt the checks carried out by BPF were proportionate and it made fair lending decisions. Mr M didn't agree, and he said BPF failed to conduct adequate affordability checks at the time of the lending. He said this contributed to his subsequent financial difficulties.

Therefore, the 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.

Our approach to irresponsible and unaffordable lending complaints is set out on our website. In summary, there are some key questions I need to ask in order to decide what's fair and reasonable in the circumstances of this complaint.

1. Did BPF carry out reasonable and proportionate checks to satisfy itself that Mr M would be able to repay the loans in a sustainable way?
 - If so, did it make a fair lending decision?
 - If not, what would reasonable and proportionate checks have shown?
2. Did BPF treat Mr M unfairly or unreasonably in some other way?

As explained by our Investigator, there isn't a set list of checks that lenders need to complete. BPF could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower. It's not about BPF assessing the likelihood of being repaid, but it had to consider the impacts of the repayments on Mr M.

Loan one

BPF has confirmed its underwriting system takes into account declared and verified income, any existing credit commitments and uses a standardised general expenditure figure for other non-credit expenditure and then assesses the impact of the additional proposed finance repayment amount. It said following this assessment, the new monthly finance repayments were found to be affordable.

BPF has been able to provide some of the information which its affordability assessment took into account. The initial loan in November 2022 was for a relatively modest amount with relatively low fixed repayments over 36 months. Mr M declared an annual income of £52,000 which was verified by BPF. BPF also completed a credit check which showed his monthly expenditure towards unsecured credit was around £277 and his credit card monthly expenditure was around £189. There weren't any signs on his credit file which indicated he might not be managing the credit he had, or that he might be reliant on credit. It also had a declared monthly 'childcare/other care costs' figure of £578.

Taking everything into account, I think it would have been disproportionate for BPF to have carried out any more checks here based on the information it had. I've taken into account the size of the loan and monthly repayments, as well as what BPF understood about Mr M's income. In the circumstances, I think it had enough information to make a fair lending decision.

Additionally, I'm satisfied based on the information it had that the lending seemed affordable and responsible. There isn't anything which ought to have indicated to BPF that Mr M wouldn't be able to sustainably afford the repayments here. Therefore, I think it made a fair lending decision, and I can't say it did anything wrong by providing the credit.

Loan two

Mr M was provided with a further loan for £998 in May 2023 which was to be repaid over 24 months with monthly repayments of £41.57. BPF did not charge any interest. Again, Mr M's application was assessed via BPF's system as described above. Mr M declared a gross annual income of £52,000 which was verified by BPF. BPF also noted Mr M's declared 'childcare/other care costs' as £338.

BPF also completed a credit search. This showed Mr M's overall indebtedness had increased since the previous lending decision. However, Mr M does seem to have taken out a car finance agreement in December 2022 which accounts for some of the increased credit balance. BPF noted his monthly payments towards unsecured loans were around £652 and his credit card expenditure was around £245. Having reviewed his existing credit, I don't think BPF ought to have been concerned he was reliant on credit or that he wasn't managing his existing commitments.

Having considered everything, I think further checks would have been disproportionate in the circumstances. BPF verified Mr M's declared income, completed a credit search and the application was automatically approved. I've also thought about the terms of the agreement. The repayments weren't significant here, particularly in light of the income which had been declared by Mr M. Taking this into consideration, I'm satisfied BPF made a fair lending

decision because it reasonably seemed Mr M would be able to sustainably afford the repayments. There wasn't anything else which suggested it would be irresponsible to lend in the circumstances.

Loan three

BPF provided a third loan for £2,287.50 which was to be repaid over 36 months with monthly repayments of £63.54. This was also interest free. Again, it assessed Mr M's application via its system as previously described.

Mr M declared a gross annual income of £75,000. BPF verified his income and completed a credit search. This showed his monthly repayments towards unsecured loans was around £695, he had no mortgage payments, and his monthly credit card expenditure was around £248. There were no other indications on the credit search that he wasn't managing the credit he had or that he might be reliant on credit. BPF also had declared 'childcare/other care costs' of £400.

Given the circumstances here, including the amount being lent and the size of the monthly repayments, I think the checks were reasonable and proportionate. BPF expected Mr M to receive a fairly significant income which was verified. Mr M was auto approved and BPF have provided an explanation of what this includes. Considering this, I don't think there was anything else which ought to have prompted it to have asked any further questions.

I appreciate this was the third loan provided by BPF. However, the total repayments across the three loans still weren't significant in light of Mr M's declared income at the time. He also had a good repayment history. I don't think there was anything in the way he was managing his existing credit at the time which might have suggested to BPF it shouldn't have lent. I'm also mindful he had declared a significant increase in his salary since BPF's previous lending decision, and I think this further speaks to the affordability of the repayments here.

For these reasons, it seems the decision to lend was a fair one as it reasonably seemed Mr M would be able to sustainably afford the new monthly repayment and there wasn't anything else to suggest it might be irresponsible to lend to him.

Although I'm satisfied the checks completed were reasonable and proportionate in the circumstances, BPF could have asked Mr M about his essential expenditure. For completeness, I have thought about the information on the statements I've seen leading up to this lending decision. Having done so, I don't think there is anything to suggest that even if BPF had asked more questions about Mr M's essential spend then it was likely to have found out this was such that he wouldn't have sufficient remaining income to sustainably afford the repayments. However, I would reiterate that I think the checks BPF did carry out were reasonable and proportionate and the lending decision was a fair one.

Did BPF treat Mr M unfairly or unreasonably in some other way?

I've reviewed the account notes for the loans provided and I can see scheduled payments were being made until late 2023. Mr M was then in contact with BPF in January 2024 about his arrears. The notes recorded that he'd had a change of employment. In the months which followed, BPF discussed his financial circumstances and provided support (breathing space and repayment plans). Overall, I can't say BPF treated Mr M unfairly in relation to this matter as it doesn't seem there was anything further it ought to have done here.

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 BPF 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.

Summary

I'm satisfied the checks carried out were reasonable and proportionate. Based on the information obtained, I'm satisfied BPF made a fair lending decision. Additionally, it's not clear enough to me that BPF treated Mr M unfairly in relation to this matter. Therefore, I won't be asking BPF to do anything to resolve the complaint.

My final decision

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 March 2026.

Laura Dean
Ombudsman