

The complaint

Miss J complains that Sainsbury's Bank Plc was irresponsible in its lending to her. She wants all interest and charges refunded along with 8% simple interest and any adverse information about the loan removed from her credit file.

Miss J is represented by a third party but for ease of reference I have referred to Miss J throughout this decision.

What happened

Miss J applied to Sainsbury's Bank for a £15,000 loan in April 2019. The loan was provided and Miss J was required to make 60 monthly repayments of £286.03.

Miss J said that sufficient checks weren't undertaken before the loan was given to ensure that it would be affordable for her. She said she had other debts at the time and that Sainsbury's Bank should have carried out more rigorous checks.

Sainsbury's Bank issued a final response dated 11 March 2025. It said that a credit check was carried out before the loan was provided and that Miss J met its criteria for lending. It said that the loan terms and conditions set out the interest rate being charged and that all interest and charges had been applied correctly.

Miss J referred her complaint to this service.

Our investigator noted the checks that Sainsbury's Bank undertook but thought that further checks were needed, specifically that Miss J's income should have been verified. He then considered what would have been identified had further checks taken place and found that the loan would have appeared affordable. Therefore, he didn't uphold this complaint.

Miss J didn't accept our investigator's view.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Miss J was provided with a £15,000 loan requiring 60 monthly repayments of around £286. This was a substantial loan and so we would expect Sainsbury's Bank to get a clear understanding of Miss J's financial circumstances before lending. In this case, Sainsbury's Bank gathered information through its application process about Miss J's income and housing costs and carried out a credit check. Sainsbury's Bank has explained that at the time it didn't carry out an income verification using a credit bureau tool but instead had its own model based on information provided by the applicant. It said the credit check showed Miss J had £2,250 of existing debt and that there were no missed payments, defaults or county court judgement recorded. Based on estimates for Miss J's expenses it found she had disposable income of around £997.

I think that Sainsbury's Bank gathered a reasonable amount of information about Miss J's circumstances and given the credit check didn't raise concerns and noting the disposable income calculated, I do not think it was wrong to rely on estimates (alongside credit file information) for Miss J's expenditure. However, noting the size and term of the loan, I think that Sainsbury's needed to ensure that it had an accurate income figure for Miss J. While I note the check it undertook, I think that further checks should have been carried out to verify Miss J's actual income.

While I do not think that Sainsbury's Bank was required to request copies of Miss J's bank statements, I have used the information these contain to see what further verification of Miss J's income would have identified. Miss J declared an annual income of £20,160 from which Sainsbury's Bank calculated a monthly net income of around £1,450. Having looked through Miss J's statements these suggest her income was lower at around £1,274. However, based on this lower income, deducting the estimated expenses and credit repayments based on Miss J's identified credit commitments of £2,250, this would still leave sufficient funds for Miss J to be able to make the Sainsbury's Bank loan repayments with a reasonable amount left for any unforeseen costs. Therefore, I do not think that further income verification would have shown the loan to have been unaffordable.

As the loan appeared affordable and the credit check didn't raise concerns, I do not find I can say that Sainsbury's Bank was wrong to provide this loan.

I've also considered whether Sainsbury's acted unfairly or unreasonably in some other way given what Miss J has complained about, including whether its relationship with Miss J 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 Sainsbury's Bank lent irresponsibly to Miss J or otherwise treated her 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 30 October 2025.

Jane Archer
Ombudsman