

The complaint

Mr G complains that Barclays Bank UK PLC trading as Tesco Bank provided him with an unaffordable personal loan.

What happened

In January 2018 Tesco Bank provided Mr G with a loan of £8,500 for the declared purpose of home improvements. The loan had a term of 62 months with 60 instalments of around £170. The total repayable value, including interest, was around £10,140.

Mr G complained to Tesco Bank in February 2025 about unaffordable lending. He said had it completed proportionate checks at the time it would have identified that this loan wasn't sustainably affordable for him.

Tesco Bank issued a final response in April 2025 in which it didn't uphold Mr G's complaint. It set out the checks it had completed and why it considered it had provided the loan fairly. It also set out that it considered Mr G had raised his complaint outside of the regulatory timescales for complaining, but that this was a decision for our service to make. Unhappy with Tesco Bank's response Mr G referred his complaint to our service for review.

One of our investigators looked at the details of Mr G's complaint and considered it was reasonable to interpret it to be about the fairness of his relationship with Tesco Bank. As such they went on to review the details of the complaint on that basis. Having done so they concluded Tesco Bank hadn't acted unfairly or unreasonably in relation to this loan, including the provision of it; and therefore, didn't uphold the complaint.

Tesco Bank didn't respond to our investigator's view; Mr G responded and disagreed. He provided a detailed response maintaining his position which I've summarised as:

- He considers he made his complaint within the regulatory timescales for complaining.
- Tesco bank's checks weren't proportionate to the terms of lending being provided, or in line with its regulatory obligations.
- He had adverse markers on his credit file and significant monthly essential expenditure. The provision of this loan was irresponsible and led to him having to obtain further borrowing in order to service the debt.
- He considers the relationship between him and Tesco Bank to have been unfair under Section 140A of the Consumer Credit Act 1974 (S140).

Mr G asked for an ombudsman's review, so 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.

The information in this case is well known to Mr G and Tesco Bank, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key

points of this complaint. I'd like to assure both parties I've carefully reviewed everything available to me, even though I may not have commented on it. I don't mean to be discourteous to Mr G or Tesco Bank by taking this approach, but this simply reflects the informal nature of our service.

Initially I think it's helpful for me to set out that there are time limits for bringing a complaint to our service, and Tesco Bank has said this complaint was referred to us late. Our investigator set out within their view why they didn't think we could look at a complaint about the lending events that Tesco Bank made more than six years before the complaint was made.

But they also went on to explain why it was reasonable to interpret Mr G's complaint as being about an unfair relationship as described under S140; and why they therefore considered Mr G's complaint about an allegedly unfair lending relationship had been made to us in time.

I agree with our investigator that I have the power to look at Mr G's complaint on this basis.

I acknowledge Mr G has provided testimony setting out why he considers his complaint was made within the *Dispute Resolution: Complaints* (DISP) rule 2.8.2R (2), as set out within the Financial Conduct Authority (FCA) Handbook – details of which can be found online.

It's accepted by both parties that under this rule Mr G made his complaint more than six years after Tesco Bank's lending decision. I've therefore gone on to consider if the three-year part of the rule provides Mr G with more time to complain.

Under this part of the rule, I need to consider when Mr G became aware (or ought reasonably to have become aware) of his cause for complaint. When I say "*cause for complaint*" I mean that Mr G had, or ought reasonably to have had, knowledge of the following:

- A problem.
- That he'd suffered or may have suffered a loss.
- And that someone else was responsible for this problem (and who that someone was).

I think it's important to set out that an individual doesn't have to know that something has definitely gone wrong. They just ought reasonably to have been aware of a cause for complaint for the time limits to start.

Mr G has said he made his complaint within three years of becoming aware he had a cause for complaint. He's said it wasn't until more recently when discussing his finances with a family member that he became aware Tesco Bank may not have provided this loan fairly.

I've carefully considered the testimony Mr G has provided. While I don't doubt his account of when he became aware of his cause for complaint; I'm not persuaded that Mr G has complained within three years of when he *ought reasonably* to have become aware of his cause for complaint.

I say this because Mr G has told us that he struggled to make the monthly contractual payments, and that he obtained and used other lending, as well as funds from family and friends, to at least in part make the contractual payments to this loan. As such, Mr G had identified a problem with the affordability of the loan, and this was causing him a loss through the application of interest, and the costs he was incurring for obtaining other lending.

I've also seen that Mr G appears to have applied for further lending with Tesco Bank in both 2019 and 2022. Tesco Bank has said both of these applications were declined; and I've seen it wrote to Mr G in 2019 setting out that information obtained from credit reference agencies impacted its decision. I consider this ought reasonably to have made Mr G aware that Tesco Bank conducted checks before providing the lending in 2018, including around affordability. This therefore ought reasonably to have raised Mr G's awareness that Tesco Bank's checks may not have been proportionate at the point it approved the loan; suggesting, at least in part, that Tesco Bank may be responsible for the problems Mr G was facing around the affordability of the loan.

As such, at the very latest I consider Mr G's reasonable awareness of his cause for complaint started in 2019. As his complaint wasn't made until 2025, it follows the three year part of the rule doesn't provide him with more time to complain than the six year part.

I can still look into complaints made outside the time limits if I'm satisfied the failure to comply with them was due to exceptional circumstances. In addition to the circumstances I've set out above, Mr G has told us he was supporting a young family when this loan was provided, and he was the sole income provider at the time. However, he's not made us aware of any circumstances that prevented him from making his complaint sooner. As such, I'm not persuaded Mr G was prevented from making his complaint within the regulatory timescales because of exceptional circumstances.

However, like our investigator, I'm satisfied Mr G's complaint can reasonably be considered as being about an unfair relationship; as he says Tesco Bank didn't follow the regulatory rules and obligations on it at the time of this lending event, and that had it done so it shouldn't have provided him with the lending.

The provision of this personal loan may have made the relationship unfair, as Mr G may have paid more in interest and charges than he could afford. I acknowledge Tesco Bank doesn't agree we can look at any events that happened more than six years before Mr G made his complaint, but as I'm not upholding this complaint, I won't be commenting on this further.

In deciding what's fair and reasonable I'm required to take into account, amongst other matters, relevant law. As I consider Mr G's complaint is about the fairness of his relationship with Tesco Bank, relevant law in this case includes s.140A-C of the CCA.

S.140A says a court may make an order under s.140B if it determines that the relationship between the creditor (in this case Tesco Bank) and the debtor (Mr G), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- Any of the terms of the agreement.
- The way in which the creditor has exercised or enforced any of his rights under the agreement.
- Any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. Mr G has provided evidence that the relationship ended in 2022, as he says he repaid the outstanding balance by way of a consolidation loan with another lender.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given the details of Mr G's complaint, I need to consider whether Tesco Bank's decision to lend, or other actions it may have taken, created an unfairness in the relationship between him and Tesco Bank; and if it did lead to an unfair relationship, whether Tesco Bank took reasonable steps to remove that unfairness.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've followed this approach when considering Mr G's complaint.

Tesco Bank has told us it obtained Mr G's declared income, and used Office of National Statistics (ONS) data to calculate Mr G's non-discretionary expenditure. It has said it also completed a credit check to understand MR G's existing commitments to, and management of, credit products.

Tesco Bank has said it considers its checks to have been proportionate; and that it went on to make a fair lending decision when providing this loan.

I've carefully considered Tesco Bank's comments. Having done so, I don't consider its checks were proportionate to the terms of lending being provided; however, for reasons I'll go on to explain I'm satisfied it fairly provided this loan.

I say this because while Tesco Bank used statistical data to reasonably understand Mr G's non-discretionary expenditure, and completed a credit check to understand his existing commitment to, and management of, credit; it doesn't appear to have verified Mr G's income.

Given the terms of lending Tesco Bank was providing, a relatively sizeable loan with repayment across a 60 month term; I consider proportionate checks needed to have included Tesco Bank satisfying itself that Mr G had the income to sustainably service this loan across the full term.

In the absence of Tesco Bank seemingly obtaining this information, we asked Mr G to confirm if his declared income was accurate at the point the loan was provided. Mr G responded and provided us with the only bank statement he said was available which evidenced his income, dated a few months before Tesco Bank's lending decision. In the absence of any other contradictory information, I consider this allows me to reasonably understand what more detailed checks into Mr G's income would more likely have shown Tesco Bank at the time of this loan.

Having considered Mr G's evidenced income, as well as the information Tesco Bank obtained from its checks, I'm satisfied it made a fair lending decision. I say this because:

- Aside from not validating Mr G's income, I'm satisfied Tesco Bank took proportionate steps to understand Mr G's monthly non-discretionary expenses and commitments to existing credit.
- Had Tesco Bank validated Mr G's income at the time, I consider it reasonable to conclude it would have identified a figure in line with the evidence Mr G has provided.
- Mr G's evidenced income is largely in line with what he'd declared to Tesco Bank (it's higher by around £100).
- I'm satisfied Tesco Bank's checks, which took into consideration the lower declared income figure, industry recognised statical data for Mr G's non-discretionary

expenditure, and his evidenced commitment to credit, suggest this loan would be sustainably affordable for him.

- Given Mr G's evidenced income is slightly higher than the figure used by Tesco Bank in its affordability calculations, I'm satisfied this only acts to further support the affordability of this loan.

Mr G says Tesco Bank's checks weren't reflective of his financial situation, as they didn't take into account his actual committed expenditure. Mr G has made reference to the Consumer Credit Sourcebook (CONC) within his submissions, specifically CONC 5.2 (the relevant provision at the time of this lending) which sets out a business' obligation to lend responsibly, as well as reference to broader FCA principles.

As part of my review of this complaint I've taken into account multiple instruments, as I'm required to do in each case I decide, which includes but isn't limited to: relevant law, rules and regulations, and good industry practice at the time.

While I acknowledge Mr G's comments, the rules Tesco Bank needed to follow aren't prescriptive in terms of what information or evidence it needed to have obtained to complete its creditworthiness assessment. As I've found above, I consider Tesco Bank's checks into Mr G's non-discretionary expenditure and credit commitments to have been proportionate to the terms of lending being provided, and what it had identified about his financial situation through these checks. Now that I can understand what proportionate checks at the time would likely have shown Tesco Bank about Mr G's income, I'm satisfied its decision to lend was fair.

Mr G has also made reference to adverse information reporting on his credit file in 2018, and that this should have been of concern to Tesco Bank. I've reviewed the information Mr G has provided. It shows arrears on multiple credit accounts, and multiple accounts being defaulted. The latest adverse information by way of a default appears to have been reported in late 2014. Tesco Bank has said its checks reported no adverse information such as bankruptcy, CCJs, or defaults. In any event, had Tesco bank's checks identified this adverse information, I'm satisfied it could reasonably have considered the information historic, given it was reported around 36 months before its lending decision, and therefore not indicative of Mr G's financial situation at the time of this lending.

I acknowledge my decision will be disappointing to Mr G, and I'm sorry to hear of the personal and financial circumstances he has made us aware of after the provision of this loan. My decision here isn't intended to downplay those circumstances; and I acknowledge the checks Tesco Bank did complete may not have led to it identifying Mr G's actual financial situation. But taking into account all of the above, I consider proportionate checks in line with the regulatory obligations on Tesco Bank would have led to it reaching the same reasonable decision to provide this lending.

As I don't consider Tesco Bank's actions were unreasonable in the individual circumstances at play here; including its lending decision, it follows that I don't consider Tesco Bank created an unfairness in its relationship with Mr G under S140. So, I'm not directing it to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Mr G's complaint about Barclays Bank UK PLC trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 February 2026.

Richard Turner
Ombudsman