

The complaint

Mr R complains that Bank of Ireland (UK) Plc was irresponsible in its lending to him.

What happened

Mr R was provided with a £14,900 loan by Bank of Ireland in August 2019. The loan term was 84 months and Mr R was required to make monthly repayments of £271.75.

Mr R said that at the time of the lending he had already spent to the limits (and above) on his credit cards and overdrafts. He said that the loan wasn't affordable and has caused him financial and mental stress.

Bank of Ireland issued a final response to Mr R's complaint dated 15 January 2025. It said that based on the information Mr R provided, his application passed the credit check, fraud checks and affordability checks and so the loan was approved.

Mr R referred his complaint to this service.

Bank of Ireland said Mr R hadn't confirmed he believed the loan was unaffordable until his complaint was referred by this service. In response to the referral, it said that its checks found that Mr R did have sufficient funds to make the repayments and that there was no negative data recorded at the credit reference agencies. It said that Mr R met its internal scoring criteria.

Our investigator considered the evidence provided but as they only received limited assessment data; with the credit reference data not being available, they were unable to say the checks were proportionate. Therefore, they requested copies of Mr R's bank statements and considered the information these contained along with the other available evidence to assess what would likely have been identified had proportionate checks taken place. Based on this review they found that the loan was affordable for Mr R and so didn't think that Bank of Ireland had made an unfair lending decision.

Mr R didn't agree with our investigator's view. He didn't think that all the relevant factors had been taken into account, and he thought the income and expenses assessment wasn't an accurate reflection of his situation. He provided further evidence including additional bank statements and his payslips.

Our investigator considered Mr R's comments and the additional evidence and issued a second view. However, they still considered the loan to be affordable and so didn't uphold this complaint.

Mr R 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.

Mr R was provided with a £14,900 loan by Bank of Ireland. This is a substantial loan and was repayable over a relatively long period (84 months) with repayment amounts of around £272. Given the size and term of the loan and the size of the repayments, we would have expected Bank of Ireland to have got a clear understanding of Mr R's financial situation before lending, to ensure that the loan would be affordable for Mr R over the loan term.

Bank of Ireland has provided a copy of the results from its checks including an overview of Mr R's employment status, purpose of the loan and income and expenses. However, further details from the checks aren't available and based on what I have seen I do not find I have enough to determine whether the checks were proportionate. Because of this, I have considered the additional evidence provided, including details from Mr R's bank accounts and payslips, to assess what I think proportionate checks would have identified.

Mr R declared a net monthly income on his application of £1,700. This was checked using credit reference agency data and Bank of Ireland identified a net monthly income of £1,593. Mr R has provided copies of his payslips and noted that his monthly pay included a payment for mileage. I understand the point Mr R has made and factoring this into the income calculation (while also noting that the money was received towards his travel costs), I think it reasonable to use the income figure of £1,593. Additional to this, payments were made into the account from another party. While I note Mr R's comments about these payments as they were funds available to contribute to the costs, I think it fair to include them. Including these, would give a total monthly income of around £2,077.

Mr R's accounts show payments for costs such as council tax, utilities, insurances, communications and media contracts as well as existing credit commitments (including overdraft fees) and general living costs such as food and fuel. The average of these for the months leading up to the lending was around £1,650. While deducting the Bank of Ireland loan repayments would not leave Mr R with much disposable income, as the cost calculations include food and fuel and his regular outgoings, I do not find I can say that the evidence shows the loan to be unaffordable. Therefore, I do not find I can uphold this complaint.

I've also considered whether Bank of Ireland acted unfairly or unreasonably in some other way given what Mr R has complained about, including whether its relationship with Mr R 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 Bank of Ireland lent irresponsibly to Mr R 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

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 September 2025.

Jane Archer
Ombudsman