

Complaint

Mr W has complained about a personal loan Bank of Ireland (UK) plc ("BOI") provided to him. He says the loan was unaffordable and shouldn't have been provided to him.

Background

BOI provided Mr W with a loan for £15,000.00 in May 2020. The total amount to be repaid of £21,750.60, which included interest fees and charges of £6,175.60, was due to be repaid in 60 monthly instalments of £362.51.

One of our investigators reviewed what Mr W and BOI had told us. He thought that BOI hadn't treated Mr W unfairly and so didn't recommend that the complaint be upheld.

Mr W disagreed and asked for an ombudsman to review complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I've decided not to uphold Mr W's complaint. I'll explain why in a little more detail.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr W's complaint.

BOI needed to make sure that it didn't lend irresponsibly. In practice, what this means is BOI needed to carry out proportionate checks to be able to understand whether Mr W could afford to repay before providing this loan.

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 it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And 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.

BOI says it agreed to Mr W's application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked Mr W's declaration of income against information that it obtained from credit reference agencies on the funds going into main bank account each month. Furthermore, the credit checks showed Mr W had some existing unsecured debts but it didn't consider this to be excessive in comparison to his validated income.

In BOI's view all of the information it gathered showed that Mr W could afford to make the repayments he was committing to.

On the other hand, Mr W has said he couldn't afford this loan.

I've carefully thought about what Mr W and BOI have said.

The first thing for me to say is that BOI has provided the details of its credit searches. BOI having carried out credit checks shows that it didn't simply rely on what Mr W said and that it took some steps to check at least some of the information he provided in his application.

BOI searches appeared to show that Mr W's debt total at the time of the applications was also reasonable in comparison to what was declared as his income. I'm also mindful that this loan was being provided to consolidate Mr W's existing debts into one agreement. I can't see that Mr W had any significant adverse information – such as default or County Court Judgments (“CCJ”) recorded against him at this stage either.

Furthermore, even if more needed to be done here, at the absolute most it could be argued that BOI needed to obtain more on Mr W's actual living costs. But I don't think BOI would have made a different decision even if it had asked Mr W for such information. I say this because I've not seen anything that shows me when Mr W's committed non-discretionary regular living expenses and existing credit commitments were deducted from what he received, he didn't have the funds to make the payments to this loan.

I accept that Mr W's actual circumstances may not have been fully reflected either in the information he provided, or the information BOI obtained. For example, I've seen that Mr W went on to be furloughed and this saw him miss payments after having payment holiday. I also accept the possibility that Mr W may not have gone on to consolidate his existing debts in the way that he said he would and may have left him with a higher, rather than lower, amount to pay.

But the key here thing is that I don't think that BOI could be expected to know any of this. Given this was a first loan, the funds going into Mr W's account didn't contradict his declared income and what was on the credit search, I think that BOI was entitled to rely on Mr W doing what he said he'd do.

Equally, it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended into the level of checks Mr W is suggesting either.

As this is the case, I don't think that BOI did anything wrong when deciding to lend to Mr W. I've not been provided with persuasive evidence which clearly demonstrates proportionate checks would have shown that the monthly repayments required for this loan were unaffordable. Therefore, I'm not persuaded that BOI irresponsibly lent and I'm not requiring it to refund any interest Mr W may have paid, or remove any of the adverse information – including any default - it has recorded against him.

In reaching this conclusion, I've also considered whether the lending relationship between BOI and Mr W might have been unfair to Mr W under section 140A of the Consumer Credit Act 1974 (“CCA”).

However, for the reasons I've explained, I don't think BOI irresponsibly lent to Mr W or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to

suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I don't think that BOI treated Mr W unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr W's complaint. I appreciate this is likely to be very disappointing for Mr W. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 September 2025.

Jeshen Narayanan
Ombudsman