

Complaint

Mr P has complained about a loan Clydesdale Financial Services (trading as Barclays Partner Finance “Barclays PF”) provided to him. He believes that it should not have provided him with the loan and that it missed clear signs of his vulnerability as part of his checks.

Background

In June 2022, Mr P purchased a mountain bike. Barclays PF provided Mr P with a fixed-sum loan for the £932.98 he needed in order to complete his purchase. This loan was interest free. So Mr P was required to make 11 monthly repayments of £77.75 and a final repayment of £77.73 to repay the £932.98 he was lent.

One of our investigators reviewed what Mr P and Barclays PF had told us. And he thought that Barclays PF hadn’t done anything wrong or treated Mr P unfairly. So he didn’t recommend that Mr P’s complaint be upheld.

Mr P disagreed with our investigator’s assessment and asked for an ombudsman to look at his 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 P’s complaint. I’ll now 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 P’s complaint.

I think that it would be helpful for me to set out that we consider what a firm did to check whether loan payments were affordable (asking it to evidence what it did) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

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 that information – 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, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower’s ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the

regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've kept this in mind when deciding Mr P's complaint.

Barclays PF says it agreed to Mr P's application after he provided details of his income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out. And in its view, all of this information showed Mr P could afford to make the repayments he was committing to.

On the other hand, Mr P has said he should not have been provided with this loan.

I've carefully thought about what Mr P and Barclays PF have said.

The first thing for me to say is that the information provided does suggest Mr P was asked to provide details of his income. As far as I can see, Barclays PF didn't just rely on what it was told as it cross checked Mr P's declaration against information from credit reference agencies on the amount of funds entering into his main bank account month. And this suggested that it could be confident that Mr P was receiving the amount he'd declared.

Mr P has said that the money moving between his accounts may have led to Barclays PF's view of his income. However, there doesn't appear to be any dispute that Mr P declared having an annual income of £40,000.00 at the time of his application. I don't think it would be unfair to say that, in providing such a declaration, Mr P, at the time least, must have hoped that Barclays PF would assess his application on this basis. Otherwise, there would simply have been no point in making such a declaration.

I do think it fair to say that the guidance within the rules state that for the purposes of considering a customer's income, it is not generally sufficient for a lender to rely solely on a statement of current income made by the customer without independent evidence. However, as I've said Barclays PF didn't do this it obtained information from credit reference agencies on the amount of funds entering into his main bank account month.

While Mr P's arguments suggest that he considers it wasn't fair and reasonable for Barclays PF to check his income in this way, the guidance within the regulator's rules refers to lenders using independent evidence. It subsequently goes on to provide a list of examples of independent evidence that could be sufficient. Interestingly enough, while I accept that this list is non-exhaustive, it's nonetheless fair to say that things such as payslips, tax returns, or bank statements are directly listed as examples in this section of the guidance.

Furthermore, as I've explained, it is for a lender to determine what checks it wishes to carry out. And mandating that a lender has to verify income with documentary evidence such as payslips, tax returns, or bank statements – irrespective of the circumstances – is not only

inconsistent with this, it is also inconsistent with the concept of proportionality, which runs right through the regulator's rules.

What is directly referenced in regulator's list, is information provided by a credit reference agency. And in this case, Barclays PF did carry out a credit search which not only indicated that Mr P had been managing the credit that he had well, but Mr P didn't have any significant adverse information - such as defaulted accounts or county court judgments - recorded against him. The only real issue he'd previously had was a default from around five years prior to this application.

Furthermore, the active accounts that Mr P had were also up to date and being well maintained. So it's fair to say that there wasn't anything obvious in the information obtained which clearly contradicted the income that had Mr P declared.

I'm satisfied that when all of this is taken into account Barclays PF didn't simply rely on Mr P's declaration of income. The rest of the information at the time of the application showed that Mr P was in a reasonably stable financial position. In my view, the circumstances here meant that it would have been disproportionate to have requested payslips, tax returns, or bank statements when the independent information Barclays PF did have didn't call into question Mr P's declaration. Therefore, Barclays PF was entitled to rely on it.

Having considered the information Barclays PF gathered, it does appear to show that when sustainable payments to Mr P's existing credit commitments were deducted from the amount he said he received each month, he did have the funds to make the low monthly payments on this agreement and have sufficient funds left over to meet his other committed non-discretionary expenditure.

I accept that the real reason Mr P might have found it difficult to make his payments to this agreement isn't due to his existing credit commitments or his living expenses. It's also possible that Barclays PF might have taken a different decision had it known about the gambling Mr P has now told us about.

But what I need to think about here is what is Barclays PF is likely to have known as a result of carrying out proportionate checks, not what it would have known if it had carried a forensic review of Mr P's finances. Given the low monthly payments required on what, at the end of the day, was an interest free loan, I don't think that proportionate checks would extended into obtaining bank statements that might have shown Mr P was gambling. For the sake of completeness, I can't see that Mr P proactively disclosed his gambling either.

So while I sympathise with any difficulty Mr P may have had, nonetheless I don't think that Barclays PF could reasonably be expected to have known about the nature and extent of Mr P's gambling. Furthermore, as Mr P was being provided with an asset on an interest free basis, which he would not have been able to gamble in the same way as cash, I also think that this limits the relevance of his gambling in this instance.

In reaching my conclusions, I've also considered whether the lending relationship between Barclays PF and Mr P might have been unfair to Mr P under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Barclays PF irresponsibly lent to Mr P 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.

Overall and having considered everything, I'm satisfied that Barclays PF carried out proportionate checks which indicated that the monthly payments on the agreement were affordable for Mr P. So don't think that Barclays PF treated Mr P unfairly or unreasonably when providing him with his loan and I'm not upholding Mr P's complaint. I appreciate this will be very disappointing for Mr P. 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 P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 December 2025.

Jeshen Narayanan
Ombudsman