

## **The complaint**

Bank of Ireland (UK) Plc (“Bank of Ireland”) provided Mr D with a loan for £19,500 in August 2022. This was to be paid back at £379 a month over 84 months. Mr D says the credit was provided irresponsibly.

## **What happened**

The details of this complaint are well-known to both parties, so I won’t repeat them again here. The facts aren’t in dispute, so I’ll focus on giving the reasons for my decision.

Due to Mr D subsequently entering into an Individual Voluntary Arrangement (IVA), the insolvency practitioner has an interest in this complaint and the outcome.

## **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.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

Having considered everything, I’m upholding Mr D’s complaint. I’ll explain my reasoning below:

We’ve set out our general approach to complaints about unaffordable or irresponsible lending on our website and I’ve taken this into account in deciding Mr D’s case.

I’ve decided the credit wasn’t provided fairly because:

- I don’t think the checks Bank of Ireland did before providing the loan were reasonable and proportionate given the size of it and given what it knew about Mr D’s financial situation. I say this as a loan of £19,500 is a very large amount to be paid back over an extended seven-year period and represents a considerable financial commitment.
- If Bank of Ireland had done proportionate checks, I think it’s likely these would have shown it was unfair to provide the loan to Mr D. I say this as having reviewed the

credit file that Mr D kindly provided, I can see that Mr D at the time of taking out this loan had six other active loans, all taken out within the previous 18 months, four of which were taken out in 2022 prior to this loan being approved. I think that the amount of credit taken out in the preceding 18 months should have been a cause for concern for Bank of Ireland and prompted them to ask Mr D about his outstanding credit commitments. I say this as from the evidence I've seen, it appears not all of the monthly loan repayments were included in Bank of Ireland's expenditure assessment.

- Mr D had two direct debits returned from his current account in July 2022, the month before the loan was approved due to insufficient funds in the account. Whilst this may not have been apparent to Bank of Ireland it's indicative of Mr D not being able to manage the credit he had already.
- I've seen extensive evidence that Mr D was spending compulsively in the form of gambling. Whilst it doesn't appear that Mr D informed Bank of Ireland of this fact until after he complained, I think had it conducted more extensive checks into Mr D's income and expenditure, I think it would have concluded he was a vulnerable consumer and approving the loan wouldn't be right in these circumstances.
- Based on the information Mr D has provided about his circumstances at the time, I think Bank of Ireland should have realised Mr D was likely to be unable to sustainably repay what he was being lent.
- Mr D has provided us with compelling testimony of the impact the approval of this loan had on him, including the fact that he is now in an IVA. And I think this further supports my opinion that this loan was neither affordable nor sustainable.

This means I don't think Bank of Ireland should have provided the loan to Mr D.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr D in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right**

As I consider Bank of Ireland treated Mr D unfairly, it needs to take steps to rectify matters from the initial granting of the loan in August 2022.

The principle aim of any award I recommend must be to return Mr D to the position he'd now be in but for the irresponsible lending by Bank of Ireland. But that's not entirely possible here as the lending can't be undone.

Because I don't think Bank of Ireland should have lent to Mr D, I don't think it's fair for him to pay interest or charges on the amount borrowed. But he has had use of the money that was lent, so I think it's fair he repays the amount borrowed (without the addition of interest or charges).

To put things right, I believe Bank of Ireland should now take the following steps:

- Calculate the total of all Mr D's payments towards the loan, including all interest, fees, charges and insurances (not already refunded).
- If this exceeds the £19,500 borrowed, any excess above £19,500 should be paid to him with simple interest at 8% per year from the date of each overpayment to the date of settlement.

HM Revenue & Customs (HMRC) requires Bank of Ireland to deduct tax from any interest. It must provide Mr D with a certificate showing how much tax has been deducted if he asks for one. If Bank of Ireland intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

- Remove any adverse information recorded on Mr D's credit file relating to this loan, once any outstanding balance has been repaid via his IVA.

If Bank of Ireland no longer owns the debt, it should liaise with whoever does to ensure any payments Mr D has made since moving the account are factored into the calculation of the compensation that's due or the balance that remains outstanding.

Mr D is currently subject to an IVA and the company overseeing this arrangement has told us that it should receive any compensation due.

### **My final decision**

My final decision is that I'm upholding this complaint and Bank of Ireland (UK) Plc must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 January 2026.

Paul Hamber  
**Ombudsman**