

The complaint

Mrs Y complains Shawbrook Bank Limited (“Shawbrook”) irresponsibly lent to her.

Mrs Y has a professional representative helping her with her complaint, but for ease of reference I’ll mostly refer to Mrs Y throughout.

What happened

In May 2019 Mrs Y applied for a loan with Shawbrook. The application was approved – she was granted a loan for £10,000 to be repaid over 60 months with a monthly repayment amount of £218.91.

Mrs Y (via a professional representative) complained to Shawbrook in 2025. She said prior to taking the loan with Shawbrook, she’d taken a significant amount of other credit and 96% of her monthly income was allocated to paying existing creditors alone. She felt it was clear she was overcommitted and struggling.

Shawbrook responded to the complaint. They didn’t uphold it. They said they’re satisfied their checks were appropriate and there’s nothing to indicate it was unaffordable. They also commented on how Mrs Y had settled the loan early in 2021.

Mrs Y wasn’t happy with the response, so referred her complaint to our Service. An Investigator here looked into things. They first issued an opinion that said the checks weren’t proportionate, but a fair lending decision was made. After Mrs Y’s response where she broke down her income and expenditure further, the Investigator changed their opinion.

They now said the checks weren’t proportionate, and Shawbrook made an unfair lending decision as Mrs Y was left with very little disposable income. Mrs Y accepted the opinion of the Investigator, but Shawbrook didn’t. They said the statements shared prove Mrs Y was managing her credit well and her account was in good standing. They also highlighted that this loan was for debt consolidation, and therefore would’ve put Mrs Y in a better position.

Because an agreement couldn’t be reached, the complaint has been passed to me to decide. I previously issued a provisional decision which said the following:

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

Having done so, I’ve reached a different outcome to that of the Investigator. I appreciate this is likely to disappoint Mrs Y, but I can’t reasonably say Shawbrook have treated her unfairly.

The rules and regulations in place at the time Shawbrook provided Mrs Y with the loan required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an ‘affordability assessment’ or ‘affordability check’.

The checks had to be ‘borrower’ focused. This means Shawbrook had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mrs Y. In other words, it wasn’t enough for Shawbrook to consider the likelihood of them getting the funds back or whether Mrs Y’s circumstances met their lending criteria – they had to consider if Mrs Y could sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Shawbrook did what was needed before lending to Mrs Y.

When Mrs Y applied for a loan in May 2019, Shawbrook gathered information regarding her financial circumstances. It recorded that she was earning a salary of around £27,000 per year – Mrs Y declared £35,000 but by obtaining payslips Shawbrook found it was closer to £27,000. They also looked at her average income using her bank statements.

She had outstanding debt of around £10,000 and had applied for this loan with the purpose of using it for debt consolidation. Shawbrook calculated if the loan was used as intended, Mrs Y's monthly repayments to creditors would reduce by approximately £240. This was collated using the information Mrs Y declared at application, an external credit check and reviewing her payslips for the three months before the lending decision.

I believe the checks Shawbrook carried out were proportionate, and considering the amount being provided to Mrs Y, and the information they gathered in these checks, I don't think they acted unfairly when providing her with the loan. I say this because it was for debt consolidation which, if used as intended, would put Mrs Y in a better position and the monthly repayment amounts were relatively modest. There were no signs of financial difficulty and it wouldn't be a significant cost for Mrs Y to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

I'm not disputing that Mrs Y's position was worse than it appeared, and she was struggling, however I don't think this was evident to Shawbrook at the time of lending and I think their checks went far enough given the monthly repayment amounts and the intended purpose of the loan.

In reaching my conclusions, I've also considered whether the lending relationship between Shawbrook and Mrs Y might have been unfair to Mrs Y under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Shawbrook did not lend irresponsibly when providing Mrs Y with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mrs Y, I'm currently minded to not uphold her complaint against Shawbrook for the reasons explained above."

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.

Shawbrook responded to my PD, accepting what was said. Mrs Y however didn't agree. She said the monthly saving was minimal and feels the 'limited' checks weren't enough. She said she believes it ought to have been very clear to Shawbrook she was heavily reliant on credit.

Mrs Y also said, as per her current account statements from the time, she only had around £34 remaining disposable income per month without food included. She also referred to a number of upheld complaints she'd had against other firms.

While this will disappoint Mrs Y, nothing she's said has changed my decision. I don't agree Shawbrook's checks were limited – they obtained payslips to verify her income and Mrs Y applied for the loan declaring the purpose as debt consolidation. She had around £10,000 in

external debt at the time and her monthly repayments towards external debt was £240. This new loan repayment was for £219.

In response to the provisional decision, Mrs Y's representative has also said I mentioned that Mrs Y's position was worse than it appeared and that she was struggling. However, this isn't what the provisional decision outlined. In summary, I said I wasn't disputing the circumstances Mrs Y described, however there's nothing to suggest that was what was going on in the data Shawbrook had at the time of lending, and I'm satisfied they didn't need to go further than they did. So, whilst I acknowledged that the checks may not have reflected the full extent of Mrs Y's circumstances, I didn't think this was because of a failing on Shawbrook's part. Ultimately, the checks it carried out were proportionate and revealed the lending was likely affordable.

In reaching my conclusions, I've also considered whether the lending relationship between Shawbrook and Mrs Y might have been unfair to Mrs Y under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Shawbrook did not lend irresponsibly when providing Mrs Y with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mrs Y, I won't be upholding her complaint against Shawbrook for the reasons explained above and previously in my provisional decision.

My final decision

It's my final decision that I do not uphold this complaint against Shawbrook Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 7 January 2026.

Meg Raymond
Ombudsman