

The complaint

Mrs H complains that Marks & Spencer Financial Services Plc trading as M&S Bank (M&S Bank) acted irresponsibly when they agreed to lend to her.

What happened

In February 2022, Mrs H successfully applied for a loan with M&S Bank for £10,000 for the purpose of debt consolidation. The loan was for a period of 36 months with a monthly repayment of around £307.

Mrs H complained to M&S Bank in May 2025. She said that they did not carry out sufficient checks before accepting her application for a loan. She says she had significant other debts and financial commitments at the time which she was finding difficult to manage. She had several other loans and high credit card balances as well as her overdraft being near its limit. Mrs H says she is now in a position where she is taking on a higher level of debt to pay off existing lending. She says M&S Bank should repay any interest from the loan.

M&S Bank responded to Mrs H's complaint, noting that they did not find the lending was unaffordable. They say that Mrs H's self-reported income was £65,000 per annum and they carried out an affordability assessment and creditworthiness check using this and other details provided by Mrs H. They also obtained information from a credit reference agency (CRA) which showed no defaults or County Court Judgments (CCJs) and any other accounts were up to date.

M&S Bank say they weren't told around the time of the application of any concerns in managing repayments, and that Mrs H had managed the account in line with the terms and conditions of the agreement with all payments being settled. They say that after considering Mrs H's overall creditworthiness at the time of the loan application they felt that they'd made a fair lending decision.

Mrs H wasn't happy with M&S Bank's response and referred her complaint to us.

Our investigator thought M&S Bank gathered a reasonable amount of evidence and information about Mrs H's ability to repay the loan. They were satisfied the loan would have been affordable based on the evidence available at the time.

M&S Bank didn't dispute this position, but Mrs H did. Mrs H said she thought that due to the higher amount of the loan, more evidence should have been required in relation to income and outgoings.

Mrs H asked for an ombudsman to decide on the matter. So, the case has been passed to me to decide.

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.

While Mrs H has provided detailed evidence of her complaint, and whilst I've considered all the available information, I've not reflected every point that has been raised. No discourtesy is intended here, this is merely to reflect my informal role in deciding a fair and reasonable outcome. So, I've focused on what I think are the key issues of the complaint. If there is something I haven't mentioned, it isn't because I've ignored it.

I've considered what both parties have said about Mrs H's lending with M&S Bank. Having carefully considered everything, I think that M&S Bank acted fairly and reasonably.

The relevant rules, regulations, and guidance at the time of M&S Bank's lending decision required them to carry out proportionate checks.

While there isn't a defined list of checks a lender needs to carry out, such checks should be proportionate, considering things like the type, amount, duration and total cost of the lending, as well as the borrower's individual circumstances. These checks needed to assess Mrs H's ability to afford the loan being approved and to be able to repay it sustainably, without causing her financial difficulties or harm.

It isn't sufficient for M&S Bank to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks M&S Bank did and what they found from these checks. I thought that the checks which M&S Bank carried out before lending were reasonable and proportionate to satisfy themselves that Mrs H would be able to sustainably repay the borrowing. I'll explain why.

M&S Bank obtained CRA data as well as using the information provided at the time the account was opened to understand Mrs H's circumstances. In reviewing this information, they found that Mrs H had declared her salary to be £65,000. The CRA information obtained showed there was existing debt of around £19,850. This included a total of around £13,805 balance on credit card accounts as well as a loan, which had a monthly repayment of £472 to a second lender. The CRA information available showed that all accounts were up to date with no arrears, and no evidence of any CCJs or bankruptcy. The stated reason for Mrs H taking out the current loan from M&S Bank was in order to consolidate existing debt. Mrs H owned her own home with no current mortgage commitments. M&S Bank also carried out further checks in relation to expected expenditure and concluded that Mrs H had enough disposable income to afford the loan.

Taking all of this into account, including the information declared by Mrs H about her income and expenditure and the CRA check results, and further checks in relation to expenditure, I'm satisfied that the checks done were sufficient, being reasonable and proportionate in the circumstances.

I also have to consider if, based on the information within these checks, M&S Bank made a fair decision to lend. I think that based on the information that has been provided to M&S Bank, and what has since been provided to our service, that it was reasonable to determine that the loan was affordable and the lending decision was fair. I'll explain why.

M&S Bank say the affordability assessment carried out based on the above checks showed sufficient disposable income after essential living costs, repayment of existing credit commitments and repayment of the current loan. In summary, the following was considered:

- The declared annual income would mean Mrs H had a monthly income of around £3,500.

- M&S Bank used models to do an assessment which found that that her essential spending was around £498 per month.
- CRA information at the time showed more than £13,000 of revolving credit and a loan with a monthly repayment of £472 from another lender. In total they found there was around £1,024 paid monthly for existing credit commitments.
- Taking into account the current loan repayments of around £307 per month, this would leave around £1,670 of disposable income.

Mrs H also gave information in her complaint about additional loans which she held around this time, some of which were not visible on M&S Bank's checks. One was entered into just a week prior to the loan application with M&S Bank. Another from a separate provider ended in January 2022 and was altered into a new loan by that same provider just prior to the current lending. There was an additional loan from another provider, which was paid off using funds from the M&S Bank loan. Having considered these loans, I think it is reasonable that some would not have revealed themselves through the CRA checks due to the proximity to the loan with M&S Bank. Mrs H's complaint that some overlapped and so ought to have shown on her credit file is acknowledged. However, although the absence of some of these loans is unusual, these were not available to M&S Bank to review on Mrs H's credit file at the time. As this was not available information, I don't think it is unreasonable that it wasn't considered. In the circumstances of this case, I don't think this is a failing on the part of M&S Bank.

Mrs H also noted that although she had declared her income, this did not take into account the use of a company car which increased her tax liabilities, and a loan through her employer which meant that around £541 per month was deducted from her pay. Mrs H confirmed that these payments were directly through her employer, and the £541 was taken from her salary payments. I've considered whether this is something that ought to have been taken into account. Based on the reasonable and proportionate checks carried out, on balance, I don't think that this internal loan through her employer or additional tax liability would have been evident to M&S Bank. It would not have appeared on her credit file or been evident in some other way based on the information available at the time of lending. This was administered internally through Mrs H's employer, and as such it would not be fair to say that M&S Bank ought to have considered this.

The loan was taken out in order to consolidate Mrs H's existing debt. But were the loan not used for these purposes, on balance, I still find that the checks carried out have demonstrated that Mrs H would have had sufficient disposable income available to sustainably afford the repayments for this loan.

I've also considered whether M&S Bank ought to have taken action during the lending relationship in relation to the financial difficulties Mrs H has let us know she was facing. Mrs H has let us know that she took out subsequent loans since the M&S Bank loan was agreed to, however, I don't think that the difficulties Mrs H describes would have been evident to M&S Bank. I can see that payments have been made towards the loan with M&S Bank on time, and I was not able to see evidence through the management of the account that M&S Bank ought to have been aware that Mrs H was in financial difficulty prior to the completion of the loan agreement.

Overall, having considered all the circumstances, I don't think that the decision made by M&S Bank to lend was unreasonable or unfair.

In reaching my conclusions, I've also considered whether the lending relationship between Mrs H and M&S Bank might have been unfair to Mrs H under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that

M&S Bank did not lend irresponsibly when providing Mrs H with the loan or otherwise treat her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

So, while it will likely come as a disappointment to Mrs H, I won't be upholding her complaint against M&S Bank for the reasons explained above.

My final decision

For the reasons given above, I do not uphold this complaint against Marks & Spencer Financial Services Plc trading as M&S Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 12 February 2026.

Frances Kerlake
Ombudsman