

The complaint

Mr M complains that Shawbrook Bank Limited was irresponsible in its lending to him.

What happened

Mr M was provided with a £9,500 loan by Shawbrook Bank. The loan term was 60 months, and Mr M was required to make monthly repayments of £218.30. Mr M said the loan was unaffordable and that had adequate checks been carried out, Shawbrook Bank would have realised this. He said that at the time of his loan application he was already heavily indebted and reliant on overdrafts and credit cards to cover his basic costs. He said this loan made his financial situation worse and negatively affected his mental health. He explained that he had to borrow from family and friends to make his repayments.

Shawbrook Bank issued a final response to Mr M's complaint dated 24 April 2025. It explained that Mr M applied for the loan on 30 April 2022 and said the purpose was debt consolidation. It said that before lending it carried out appropriate affordability and credit scoring assessments. It said it used open banking data to confirm Mr M's income and the data in his credit file to assess his existing credit commitments. It said that based on its checks the loan was affordable for Mr M and noted that he had maintained his repayments up to the time the response was issued.

Mr M referred his complaint to this service.

Our investigator thought that Shawbrook Bank carried out reasonable checks before the loan was provided. Based on the results of these checks he didn't think that Shawbrook Bank was wrong to provide the loan.

Mr M didn't agree with our investigator's view. He said the income figure used in the affordability assessment didn't reflect his true financial position and that the disposable income calculations failed to fully consider his financial obligations. He said the fact he had balances outstanding on several credit accounts should have raised concerns about his ability to take on more debt. He also said that our investigator hadn't recognised the dangers of debt consolidation for customers who already had high amounts of unsecured debt and that the interest rate was disproportionately high.

Our investigator addressed the points raised by Mr M but as these didn't change his view, and a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr M was provided with a £9,500 loan which required monthly repayments of £218.30. Before the loan was provided, Shawbrook Bank gathered information about Mr M's income and residential status. It also carried out a credit check. Mr M's gross annual income was recorded as £126,000 and he said he was an owner occupier. Shawbrook obtained open banking data to verify Mr M's income and it said a net monthly income of around £2,777 was identified. I note that there was a large discrepancy between Mr M's declared annual income and the net monthly income identified through Shawbrook's checks but as the verified income figure was used in the assessment, I find this reasonable.

Mr M said he was an owner occupier, and the credit check showed his mortgage payments. The credit check showed that Mr M also had other existing credit commitments. There were no defaults or county court judgements and Mr M was up to date and had no adverse data recorded on his active accounts.

Given the size of the loan repayments compared to Mr M's monthly income which was verified, that his credit check didn't raise concerns about how he was managing his commitments and that the purpose of the loan was debt consolidation, I think the checks carried out before the loan was given were proportionate. However, this doesn't necessarily mean that I think the loan should have been provided. To assess that I have looked through the results of Shawbrook's checks to see if these should have resulted in further questions being asked or meant that the loan shouldn't have been given.

Mr M disputed the net monthly income of around £2,777. Having looked through the open banking data, and the statements Mr M has provided, while it is reasonable that Shawbrook would rely on open banking data, I note there was variation in Mr M's income, and I have carried out my assessment based on the figure Mr M provided of around £2,400.

Mr M's existing credit commitments were calculated based on his credit check results. Having looked through Mr M's credit report this showed he had two mortgages with combined monthly repayments of around £580 and this is supported through his statements. He was making payments of £316 for a loan and had around £9,158 of combined credit card and mail order debt and around £6,456 of overdraft debt.

Shawbrook calculated Mr M's credit repayments based on his credit file to be around £1,353 a month (before the Shawbrook loan) of which around £580 was for mortgage repayments with the rest being for Mr M's unsecured debt. While this shows that Mr M was making repayments of around £773 a month for unsecured debt (around 32% of a £2,400 monthly income), his credit file suggested he was managing these repayments, and I note the purpose of the loan was debt consolidation.

I appreciate Mr M's comments about the risks of customers with high unsecured debts taking out new loans for debt consolidation, but as Mr M said this was the loan's purpose, I think it reasonable for this to have been accepted and considered in the assessment. Mr M could have used the Shawbrook loan to repay all of his overdrafts and around £3,000 of his credit card debt. If this had happened, Mr M would have had around £6,158 of credit card and mail order debt as well as the payments of the existing loan of £316 and the Shawbrook loan of around £218.

If Shawbrook loan wasn't used for consolidation, Mr M's credit commitments (including his

mortgage payments) would have increased to around £1,571. Deducting this from Mr M's £2,400 income would leave around £829 for Mr M's other costs. I do not think this suggested the loan would be unaffordable for Mr M.

Shawbrook had access to Mr M's open banking data, but this didn't show details of all of Mr M's accounts. While it showed large transfers between Mr M's accounts it didn't show the breakdown of his regular expenses. I do not find in this case, given the calculated disposable income and the credit check results that Mr M's expenses needed to be verified. However, having looked through the account statements, (which show Mr M making regular payments for costs such as utilities, insurances, communications/media contracts as well as expenses such as food and car costs), I do not find these would have identified the Shawbrook loan as being unaffordable.

I've also considered whether Shawbrook Bank acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether its relationship with Mr M might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Shawbrook lent irresponsibly to Mr M or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 December 2025.

Jane Archer
Ombudsman