

The complaint

Mr B complains that Barclays Bank UK PLC trading as Tesco Bank irresponsibly lent to him.

Mr B is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr B himself.

What happened

Mr B was approved for a Tesco credit card in May 2022 with a £250 credit limit. Mr B says Tesco irresponsibly lent to him. Mr B made a complaint to Tesco, who did not uphold his complaint. Mr B brought his complaint to our service. Our investigator upheld Mr B's complaint. He said Mr B would have a minimal disposable income to pay any additional debt repayments, so they shouldn't have approved the credit card for Mr B.

Tesco asked for an ombudsman to review the complaint. They said Mr B's declared housing costs were £0 as he said he was a homeowner with no mortgage, therefore they used an overestimation, using Office for National Statistics (ONS) average figures for housing costs. They said payment contributions towards existing debts were already considered as part of the affordability assessment.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

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

Before agreeing to approve the credit available to Mr B, Tesco needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Tesco have done and whether I'm persuaded these checks were proportionate.

Mr B declared a gross annual income of £10,000, which Tesco calculated to be around £750 net a month. The checks showed that Mr B had no adverse data such as defaulted accounts, County Court Judgements (CCJ's) or accounts in arrears being reported by the Credit Reference Agencies (CRA's) that Tesco used.

A CRA reported that Mr B had unsecured debt totalling £1,197. So at the point of the checks, Mr B had around 12% of unsecured debt compared to the gross annual income he declared. Tesco used a mixture of information from the CRA and modelling to estimate Mr B's outgoings, and they calculated that Mr B had enough disposable income to be able to sustainably afford repayments for a £250 credit limit.

But From the information that Tesco has given our service, there are different figures for Mr

B's monthly disposable income. One of these is £52 after a provision is made for inflation and the servicing for new lending, and another figure Tesco have told us is £118.15. They have also said that Mr B declared £0 for housing costs, but they used the ONS figure to overestimate his housing costs.

The data also shows that in the last month prior to the checks, Mr B had taken eight cash advances (presumably from other credit cards he currently held), which could be a sign of financial difficulty.

So I'm persuaded that Tesco should have completed further checks to ensure the repayments for the £250 credit limit would be affordable and sustainable for him based on the discrepancies of the disposable income (and especially as Mr B had told Tesco he was single with one financial dependant), and the frequent cash advances which would equate to almost two a week averaged out over the month.

There's no set way of how Tesco should have made further proportionate checks. One of the things they could have done was to contact Mr B to find out why he took several cash advances on his existing accounts and to ensure he could afford the repayments on his Tesco credit card. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

I asked Mr B for his bank statements leading up to the lending decision. But Mr B didn't provide these by the deadline I gave him. His representative told me that if the information is not received by the deadline then I should continue with my investigation with the information I have available, which I've done.

So on the face of it, it does look like Tesco should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Tesco should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr B hasn't provided me with the information he was asked for, that means that it wouldn't be fair for me to say that Tesco shouldn't have lent here, because I don't know what further checks would reveal.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Tesco lent irresponsibly to Mr B 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."

I invited both parties to let me have any further submissions before I reached a final decision. Tesco accepted the provisional decision. Mr B did not inform me whether he accepted the provisional decision or not. Mr B asked a procedural question, and our investigator responded to this separately.

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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 October 2025.

Gregory Sloanes
Ombudsman