

The complaint

Mr M complains that Barclays Bank UK PLC, trading as Tesco Bank, didn't conduct a detailed income and expenditure assessment before making a loan to him and that the loan was affordable.

What happened

Mr M applied to Tesco Bank for a loan for debt consolidation in June 2024 and it lent him £15,000 that was repayable by 60 monthly payments of £350.15. Mr M complained to Tesco Bank about the loan in May 2025, but it didn't uphold his complaint. It said that, given the information that it had at the time that it lent to Mr M, his application didn't raise any concerns or alert it to any potential financial troubles and it was satisfied that it had acted fairly. Mr M wasn't satisfied with its response so referred his complaint to this service.

Mr M's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He was satisfied that Tesco Bank carried out reasonable and proportionate checks before agreeing to Mr M's loan application and that it made a fair lending decision when it provided the loan to him.

Mr M hasn't accepted the investigator's recommendation and has requested that his complaint be escalated to an ombudsman for a final decision. He says that Tesco Bank's affordability assessment was fundamentally flawed and based on incorrect data as: its expenditure assessment wasn't reasonable or proportionate; it failed to assess the stability and sustainability of his income; and the corrected affordability calculation shows that the loan was unaffordable. He's also provided an evidence pack which he says demonstrates why Tesco Bank's affordability assessment was insufficient. Mr M has provided a further response and says that: his disposable income was overstated; he had multiple high-cost credit accounts, historic defaults and adverse history; and the loan wasn't sustainable.

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.

Mr M applied to Tesco Bank for a loan for debt consolidation in June 2024 and he declared that he was employed full time with a net monthly income of £2,350. It says that it digitally verified his income using information from the credit reference agencies and its credit search showed that Mr M had unsecured debt of £11,593, which was loans of £9,604 and revolving credit of £1,989. It says that it used living costs based on national averages from the Office of National Statistics, housing costs and the monthly cost of Mr M's existing credit commitments to calculate Mr M's disposable income which showed that he had net free income of £390.03.

Tesco Bank was required to make reasonable and proportionate checks to ensure that any lending that it was going to provide to Mr M was sustainably affordable before making the loan. Mr M had declared his net monthly income, Tesco Bank had verified that, made a credit search and conducted an affordability assessment. I consider that those were

reasonable and proportionate checks in the circumstances of the loan for which Mr M had applied. I don't consider that reasonable and proportionate would have required Tesco Bank to have obtained a more detailed understanding of Mr M's financial situation or to have reviewed his bank statements.

Mr M says that his income in April and June 2023 was £2,090 and that Tesco Bank failed to contextualise the income that he'd declared. I consider that it was fair and reasonable for Tesco Bank to have based its assessment of the affordability of the loan on the income of £2,350 that Mr M had declared and which it had digitally verified using information from the credit reference agencies.

Tesco Bank used a figure of £587.50 for Mr M's housing costs in its affordability assessment. Mr M has provided bank statements showing that he made mortgage payments of more than £700 each month. Mr M had declared to Tesco Bank that he was living with his parents and its credit search didn't show that Mr M had a mortgage. I consider that it was fair and reasonable for Tesco Bank to have used a figure of £587.50 for Mr M's housing costs in its affordability assessment.

Mr M had applied for a loan for debt consolidation and Tesco Bank's credit search showed that he had unsecured debt of £11,593 and that he was paying £465.67 each month for his existing credit commitments. It says that its credit search also showed no bankruptcies, county court judgments or individual voluntary arrangements for Mr M, eight defaults (but the most recent was more than four years ago) and one account in arrears. It says that that information was considered when making its decision to lend and didn't preclude Mr M from obtaining borrowing. As the loan was for debt consolidation, I consider that it would have been reasonable for Tesco Bank to have expected that the loan would have led to the amount that Mr M was paying each month for his existing credit commitments to have reduced.

Tesco Bank based Mr M's other living costs on national averages from the Office of National Statistics which showed that his monthly living costs were likely to be about £540.50. Deducting those amounts and the monthly loan repayments of £350.15 from Mr M's declared and verified income showed Tesco Bank that Mr M would be left with net free income of £390.03, so the loan was sustainably affordable for him. I consider that it was fair and reasonable for Tesco Bank to have concluded, based on the information that it had obtained from its reasonable and proportionate checks, that a loan with a monthly repayment of £350.15 was likely to be sustainably affordable for Mr M at the time of the loan. I also consider that Tesco Bank made a fair lending decision.

I've carefully considered all that Mr M has said and provided about his complaint, including his detailed responses to the investigator's recommendation, but I'm not persuaded that Tesco Bank lent to him irresponsibly. I've also considered whether Tesco Bank acted unfairly or unreasonably in some other way, including whether its relationship with Mr M might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

Mr M said in his complaint form that he'd like Tesco Bank to refund all interest and fees paid on the loan, write off the remaining loan balance and remove any negative information relating to the loan from his credit file. Mr M applied to Tesco Bank for a loan and it lent him £15,000. As Mr M has had the use and benefit of the money that Tesco Bank lent to him, I don't consider that it would be fair or reasonable for me to require Tesco Bank to write off the remaining balance of the loan.

Tesco Bank is required to report true and accurate information about Mr M's loan to the credit reference agencies. I've seen no evidence to show that the information about the loan that's on Mr M's credit file isn't true and accurate. I appreciate that my decision will be disappointing for Mr M, but I find that it wouldn't be fair or reasonable in these circumstances for me to require Tesco Bank to refund to Mr M any interest or fees that he's paid on the loan, to amend or remove the information about the loan that its reported to the credit reference agencies, or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 February 2026.

Jarrold Hastings
Ombudsman