

## Complaint

Mr A has complained about a personal loan that TSB Bank plc ("TSB") provided to him. He's said that the loan was excessive and caused ongoing financial issues.

## Background

In August 2014, TSB provided Mr A with a loan of £22,659.32<sup>1</sup>. The loan had an APR of 16.9% and a term of 63 months. Mr A wasn't required to make any payments in the first three months of the loan. This meant that the total amount of £34,200.00, which included interest, fees and charges of £11,540.68, was due to be repaid in 60 monthly repayments of £570. Mr A settled this loan early in September 2018.

In February 2024, Mr A complained saying said that this loan was unaffordable for him and led to him experiencing further financial issues. TSB did not uphold Mr A's complaint as it thought that Mr A had complained too late. When Mr A's complaint was referred to our service, TSB reiterated its view that we couldn't look at it as it was made too late.

One of our investigators reviewed what Mr A and TSB had told us. She reached the conclusion that we could look at Mr A's complaint. However, she wasn't persuaded that proportionate checks would have shown that this loan was unaffordable for Mr A. So the investigator didn't recommend that Mr A's complaint be upheld.

Mr A disagreed with the investigator and asked for an ombudsman's decision.

## My findings

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

### *Basis for my consideration of this complaint*

There are time limits for referring a complaint to the Financial Ombudsman Service. TSB has argued that Mr A's complaint was made too late because he complained more than six years after it provided him with his loan, as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the lending relationship between Mr A and TSB was unfair to Mr A as described in s140A of the Consumer Credit Act 1974 ("CCA"). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

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<sup>1</sup> For the sake of completeness, it's also worth noting that TSB provided Mr A with a loan in January 2013. However, we've already separately explained why we aren't able to consider Mr A's complaint about this loan.

Having carefully considered everything, I've decided not to uphold Mr A's complaint. Given the reasons for this, I'm satisfied that whether Mr A's complaint was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr A's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr A has not only complained about the circumstances behind TSB's individual decision to provide him with his loan, but also the fact he alleges that the provision of this loan created and perpetuated an adverse financial situation.

I'm therefore satisfied that Mr A's complaint can therefore reasonably be interpreted as a complaint that the lending relationship between himself and TSB was unfair to him. I acknowledge the possibility that TSB may still disagree that we are able to look at Mr A's complaint and that Mr A may disagree with the investigator's conclusions on whether he complained in time, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr A's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr A's complaint can be reasonably interpreted as being about that his lending relationship with TSB was unfair to his, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (TSB) and the debtor (Mr A), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr A's complaint, I therefore need to think about whether TSB's decision to lend to Mr A, or its later actions resulted in the lending relationship between Mr A and TSB being unfair to Mr A, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr A's relationship with TSB is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr A's ability to repay this loan in circumstances where doing so would have revealed the monthly payments to have been unaffordable, or that it was irresponsible to lend. And if this was the case, TSB didn't then somehow remove the unfairness this created.

I've therefore considered whether TSB provided this loan to Mr A in circumstances where it ought reasonably to have realised that it was unaffordable.

*Our typical approach to complaints about irresponsible or unaffordable lending*

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr A's complaint.

I think that it would be helpful for me to set out that we consider what a firm did to check whether loan payments were affordable (asking it to evidence what it did) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments.

Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've kept this in mind when deciding Mr A's complaint.

*Application to Mr A's complaint – Did TSB act fairly and reasonably when deciding to provide Mr A with his loan?*

I understand that TSB would have had some information on Mr A's employer and his annual income before agreeing to lend to him. Furthermore, it will also have carried out credit searches to ascertain Mr A's existing indebtedness. I've not been provided with anything to indicate that Mr A had any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") recorded - against him.

In TSB's view, when reasonable repayments to Mr A's existing credit commitments were combined with his mortgage payments and deducted from his monthly income, he would have had sufficient funds left over to meet the repayments to this loan as well as his other committed expenditure.

On the other hand, Mr A has said he should never have been provided with this loan due to his existing indebtedness and his financial situation.

I've carefully thought about what Mr A and TSB have said.

In considering TSB's checks before agreeing to lend, I'm mindful that Mr A was being provided with a second loan by TSB. Indeed, Mr A was provided with this loan before he'd repaid his first one and he was in a position where he was committing to pay just over £1,000.00 in monthly payments as a result of these loans alone. In these circumstances, I would have expected TSB to have taken steps to understand what Mr A's committed monthly expenditure actually was, rather than rely on declarations or estimates of this.

As I can't see that TSB did obtain this information from Mr A and it hasn't even argued that it would have done so, I'm not persuaded that the checks it carried out before providing this loan to Mr A were reasonable and proportionate.

*Would reasonable and proportionate checks have prevented TSB from providing this loan to Mr A*

As TSB didn't carry out sufficient checks before providing this loan to Mr A, I've gone on to decide what I think TSB is more likely than not to have seen had it obtained the information that I think it should have gathered. As I've explained, bearing in mind the circumstances here, I would have expected TSB to have had a reasonable understanding about Mr A's actual regular living expenses as well as his income and existing credit commitments.

I want to be clear in saying that this isn't the same as saying that TSB had to obtain bank statements in order to verify all of this, as how it found out what I think that it needed to find out was down to it. For example, it could have chosen to request copies of bills or other proof of payment. The important thing was that TSB needed to get an understanding of Mr A's actual regular living costs. Nonetheless, as I'm looking at matters a number of years after the loan was provided, I've considered the copies of the bank statements that have been provided.

Having considered this information, I don't think that TSB attempting to find out more about Mr A's actual regular living costs would have made a difference here. I say this because I've not seen anything that shows me that when Mr A's committed regular living expenses, other non-discretionary expenditure and his existing credit commitments were deducted from his income he did not have the funds to make the monthly payments to this loan.

For the sake of completeness, I would also add that the information provided not only shows that Mr A did make his payments when they were due, he also went on to settle this loan early and well in advance of its scheduled end date. While I accept that this is not in itself determinative, it does nonetheless support the monthly payments having been affordable for Mr A.

I'm sorry to hear about what Mr A has said about having difficulty making his payments. But the key thing here is that, as I've explained earlier in this decision, it is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any additional credit provided was clearly unaffordable. The information that I've seen does not persuade me that TSB ought reasonably to have realised this at the time it decided to provide Mr A with this loan.

In these circumstances, whilst I do sympathise with what Mr A has said and I'm not seeking to dismiss or trivialise what he's told us, I've not been persuaded that TSB irresponsibly provided this loan to him.

Overall, and based on the available evidence I don't find that Mr A's relationship with TSB, in respect of this loan, was unfair. I've not been persuaded that TSB created unfairness in its

relationship with Mr A by irresponsibly lending to him when providing him with his loan. I don't find that TSB treated Mr A unfairly in any other way, in relation to his loan, either based everything I've seen.

So overall and having considered everything, while I can understand Mr A's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr A. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 October 2025.

Jeshen Narayanan  
**Ombudsman**