

## **Complaint**

Mrs H has complained about a loan Barclays Bank UK PLC (then trading as “Tesco Bank”) provided to her. She says that Tesco Bank provided her with an unaffordable loan without an adequate consideration of her credit history or ability to afford further credit.

## **Background**

Tesco Bank provided Mrs H with a loan for £8,000.00 in September 2023.

The loan had an APR of 12.9% and a 48-month term. This meant that the total amount to be repaid of £10,148.64, which included interest, fees and other charges of £2,148.64, was due to be repaid in 48 monthly instalments of £211.43. The information from the application indicates that Mrs H selected debt consolidation as being the purpose of this loan.

One of our investigators reviewed what Mrs H and Tesco Bank had told us. And she thought that Tesco Bank hadn't acted unfairly when providing Mrs H with her loan. So she didn't uphold Mrs H's complaint.

Mrs H disagreed and asked for an ombudsman to look at her complaint.

## **My findings**

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

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

Having carefully considered everything, I've decided not to uphold Mrs H's complaint. I'll explain why in a little more detail.

Tesco Bank needed to make sure it didn't lend irresponsibly. In practice, what this means is Tesco Bank needed to carry out proportionate checks to be able to understand whether Mrs H could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. 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 it – 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 or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Tesco Bank says it agreed to Mrs H's application after she provided details of her monthly income and expenditure. It says it also obtained further information on Mrs H as a result of the credit searches it carried out on her.

In its view, the information it gathered about Mrs H's income and expenditure showed that Mrs H would be able to make the repayments she was committing to. Tesco Bank says, in these circumstances it was reasonable to lend.

On the other hand, Mrs H has said the loan was unaffordable because of her credit history and so she shouldn't have been lent to.

I've carefully thought about what Mrs H and Tesco Bank have said.

The first thing for me to say is that this was Mrs H's first loan with Tesco Bank. The information provided does suggest Mrs H was asked to provide details of her income and a credit check which showed that Mrs H unsecured debt wasn't excessive (especially if the loan was used to consolidate as Mrs H had said she would) and appeared to be reasonably managed.

At the absolute most it could be argued that Tesco Bank needed to ask Mrs H a bit more about her living costs rather than rely on statistical data. However, I've not seen anything to indicate that Mrs H's living costs were significantly higher than what was contained in the statistical data Tesco Bank used. And, on the face of things, there wasn't anything in the information Tesco Bank had that was inconsistent or difficult to explain either.

Furthermore, as I've previously stated, the information from the time appears to indicate that the purpose of this loan was debt consolidation. Indeed, the amount being advanced was sufficient to consolidate all of her non-mortgage debt into this loan. I don't know if Mrs H did go on to clear her existing debts in the way that she said she would.

And even if Mrs H did do this, I accept that it's possible that she went on to re-establish balances on any accounts that she may have cleared. But Tesco Bank won't have known whether Mrs H might do this – all it could do was take reasonable steps and rely on assurances from Mrs H that this would be done with the funds from this loan.

Equally, this was a first loan Tesco Bank was providing to Mrs H for debt consolidation purposes and there wasn't a history of Mrs H obtaining funds from it and then failing to consolidate debts elsewhere in the way she committed to either. I appreciate what Mrs H has said about her credit history and the fact that she'd failed to consolidate in the past. However, this is based on information which Tesco Bank didn't have.

The credit check information provided to a lender is much less extensive to that a customer will receive when requesting a full copy of their credit file. So Tesco Bank didn't know that Mrs H may have failed to consolidate after borrowing from other lenders in the past and was reasonably entitled to believe that Mrs H would be left in a better position and with lower overall outgoings as she would consolidate all of her existing non-mortgage credit with this loan.

Bearing this in mind and what the rest of the information shows, I can't reasonably say that further scrutiny of the information gathered would have prevented Tesco Bank from providing this loan. I'd also add that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. And, in this case, I don't think that Tesco Bank did anything wrong in deciding to lend to Mrs H – especially given this was a first loan and its lack of previous history with Mrs H. So overall I don't think it was unfair or unreasonable for Tesco Bank to have provided this loan to Mrs H.

In reaching my conclusions, I've also considered whether the lending relationship between Tesco Bank and Mrs H might have been unfair to Mrs H under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Tesco Bank irresponsibly lent to Mrs H or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I don't think that Tesco Bank treated Mrs H unfairly or unreasonably when lending to her. So I'm not upholding this complaint. I appreciate this will be very disappointing for Mrs H. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Mrs H's complaint, I would remind Tesco Bank of its continuing obligation to exercise forbearance and due consideration, given what Mrs H has now said about having difficulty making her payments.

I would also encourage Mrs H to get in contact with and co-operate with any steps that may be needed to review what she might, if anything, be able to repay going forward. Mrs H may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with Tesco Bank's actions in relation to exercising forbearance over the remainder of the term.

### **My final decision**

My final decision is that I'm not upholding Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 9 March 2026.

Jeshen Narayanan  
**Ombudsman**