

The complaint

Miss G complains that Bank of Scotland plc trading as Halifax was irresponsible when lending to her on three occasions and that she was not adequately assessed for the credit.

What happened

Miss G applied for credit with Halifax and had loans approved as follows:

Date	Amount of Credit	APR	Loan Term	Monthly Repayment
1 October 2021	£5,500.00	19.9%	60 months	£140.52
26 September 2022	£15,887.89	25.0%	84 months	£377.33
16 June 2023	£16,907.65	19.5%	84 months	£354.84

Miss G says that she was not adequately assessed for the credit and that the lending decisions were irresponsible.

Halifax investigated Miss G's complaint but did not agree that any of the accounts were unaffordable. Halifax said it completed a credit check to review Miss G's credit commitments at the time of each lending decision. It also used information provided by Miss G, including employment status, declared monthly income, residential status, housing costs and monthly commitments, and it considered savings balances that Miss G held at the time of each of the first two applications. Halifax felt its decision to lend was fair.

Miss G referred her complaint to our Service. Our investigator looked at each loan application individually. He didn't think that Halifax had done anything wrong by providing the loans to Miss G and that their checks were adequate with affordability established on each occasion.

Miss G didn't agree. She felt adequate checks weren't carried out before the loans were provided and said that Halifax's checks failed to take into account the overall pattern of her borrowing and the outcome of their repeated lending decisions. She felt that although the loans were intended for debt consolidation, they did not improve her situation and, in fact, made it worse. She feels that Halifax should have requested bank statements when considering the loan applications.

Because an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Having done so, I've reached the same outcome as the Investigator, but for slightly different reasons, which I'll explain below.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

As our Investigator has explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Miss G was provided with three loans. I have looked in detail at each of the individual lending decisions. I will address Halifax's approach to all three loans together as it appears to have been the same, but I will give my findings on each loan separately.

Before each loan was approved, Halifax undertook credit checks and gathered information about employment, income, residential status and outgoings, which it took into account when assessing the affordability of the loans. Although it has provided information on its scoring systems, there is little detail available as to what was considered, and a lot of the key data has been recorded as 'unclassified'. Additionally, Miss G declared £0 for many of her expenditure questions. Halifax did not ask Miss G for bank statements, but it did look at her current account for indicators of concern such as gambling transactions, overdraft usage or returned Direct Debits and did not find any.

Loan one

When Miss G applied for a loan in October 2021, Halifax gathered information regarding her financial circumstances. It recorded that Miss G was earning a net monthly income of around £2184 per month and had outstanding debt repayments of around £385 per month. She also had a savings balance of around £21,000. Miss G had no defaults at the time of application. This was collated using the information Miss G declared at application, and an external credit check.

I believe the checks Halifax carried out were proportionate, and considering the amount being provided to Miss G, and the information they gathered in these checks, I don't think they acted unfairly when providing Miss G with the loan. I say this because the monthly repayments were a modest amount of £140.52, and there were no signs of financial difficulty. It wouldn't be a significant cost for Miss G to repay this credit in a reasonable period of time based on her salary, savings and existing credit commitments.

Loan two

Looking at loan two, Miss G's borrowing was increasing significantly, and her monthly repayments had more than doubled. Her other debt repayments had increased since the first loan and her savings balance had reduced. Based on Halifax's calculations, her disposable income had reduced too.

Given the increase in borrowing, I think Halifax could've done more to look at Miss G's monthly spending, particularly as she had declared £0 for many of the questions asked in the application. Miss G's bank statements were available to Halifax as she banks with them, but they did not look at these in any detail to verify her outgoings. I therefore do not find that the checks were proportionate for this loan. But just because I find the checks weren't proportionate, it doesn't end here.

For me to consider what reasonable and proportionate checks might have shown, I've looked at Miss G's current account statements from the time. This is because it's the easiest way for me to piece together what proportionate checks might have shown had they been carried out.

I have reviewed Miss G's bank statements in order to see what proportionate checks would have shown around the time leading up to the application for Loan two.

Having done so, I have not seen anything to suggest that Miss G was over-committed or that she would have been unable to afford the loan. Her account was well-managed and also appears to confirm that she does not have housing costs. I also cannot see any concerning patterns in her spending, that would suggest the loans should not have been approved, and it appears she had enough disposable income each month to meet the monthly repayments for Loan two.

So, although I agree with Miss G's position that Halifax did not complete proportionate checks in respect of Loan two, I am confident that, if they had done, the outcome would've been the same and Miss G's loan would still have been approved.

Loan three

For Loan three, Miss G said she was consolidating a credit and, although her monthly repayments were reducing slightly, her overall amount of credit was increasing as was the duration of the loan term.

Again, her other debt repayments had increased since the previous loan and her savings balance had reduced again. Halifax did not carry out checks to understand where the money being borrowed to date had been spent and whether this was indicative of a cycle of borrowing and consolidation that could be cause for concern.

As with Loan two, she had declared £0 for many of the questions asked in the application and, again, Halifax did not look at bank statements to verify her outgoings. I therefore do not find that the checks were reasonable proportionate for Loan three.

Again, I have reviewed Miss G's bank statements in order to see what proportionate checks would have shown.

Having done so, I have still not seen anything to suggest that Miss G was over-committed or that she would have been unable to afford the loan. Her account was well-managed and also appears to confirm that she still does not have housing costs. I still cannot see any concerning patterns in her spending that would suggest the loan should not have been approved.

So, again, I agree that Halifax did not complete proportionate checks, however, I am confident that, if they had done, the outcome would've been the same and Miss G's loan would still have been approved.

I'm not disputing that Miss G was struggling financially, and these loans may have put her in a worse position, but this wasn't yet clear in any of the information that would've been available to Halifax at the time, and so I can't reasonably say they treated her unfairly.

In reaching my conclusions, I've also considered whether the lending relationship between Halifax and Miss G might have been unfair to Miss G under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Halifax did not lend irresponsibly when providing Miss G with each of the loans. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So, while it'll likely come as a disappointment to Miss G, I won't be upholding her complaint against Halifax for the reasons explained above.

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 Miss G to accept or reject my decision before 19 December 2025.

Hannah Poulton
Ombudsman