

The complaint

Mrs J says Barclays Bank UK PLC ('Barclays'), irresponsibly lent to her over a series of loans. She says that it didn't take reasonable steps to ensure she could afford the repayments towards the loans. She says that she was in financial difficulty when it lent to her and she was using her overdraft significantly. She thinks Barclays should have seen this and not lent to her.

What happened

This complaint is about a series of loans Mrs J has taken out. Mrs J started three loans with Barclays some time ago, these are the loan numbers ending in 5289, 0324 and 6710. These loans started and ended between 2000 and 2009. I've received limited information about these loans.

When Mrs J made her complaint to Barclays about all the lending, it responded and said that these loans were taken out too long ago for it, and the Financial Ombudsman Service, to now consider.

One of our Investigators has considered whether these loans were brought in time and has said the complaint about them was made too late for the Financial Ombudsman to consider. Mrs J said she agreed with this. And having looked at all the circumstances of these loans, and the complaint, I agree that the complaint about them has been made too late and they are not within the jurisdiction of the Financial Ombudsman Service for the same reasons the Investigator said. As there is no disagreement about this I won't comment further.

Mrs J has taken four other loans. There is some detail about these below, and I've called them loans 1 to 4.

- Loan 1 was started on 20 August 2018. Mrs J borrowed £12,000 over a 24 month term. The monthly repayment was £579.86. This loan ended on 30 October 2018.
- Loan 2 was started 25 October 2018. Mrs J borrowed £13,300 over a 24 month term. The monthly repayment was £657.30. The loan ended on 22 April 2019.
- Loan 3 started 16 April 2019. Mrs J borrowed £17,500 over a 60 month term. The monthly repayment was £479.46. The loan ended on 11 March 2020.
- Loan 4 started on 6 March 2020. Mrs J borrowed £29,300 over a 60 month term. The monthly repayment was £629.85. this loan is still active.

The new loans were used to repay the existing loans and advance some further credit to Mrs J. The loans didn't run 'side by side'.

Mrs J complained to Barclays saying that she couldn't afford the lending. She said that she was at the maximum of her overdraft when she borrowed. And as she banked with Barclays it should have seen this and not lent to her.

Barclays considered this complaint, and it didn't uphold it. It thought it'd made proportionate checks before approving each loan and these showed the monthly repayments were affordable. It also looked at her bank statements for the three months before each loan was approved and it said that her credit repayments and committed expenditure showed she would likely have enough left over from her income to have allowed her to repay the loans.

Our Investigator hasn't upheld Mrs J's complaint. She thought that for the first three loans we can look at, Barclays made proportionate checks, and these showed that the lending was likely to be affordable. For loan 4 she thought that the business didn't make proportionate checks, but if it had made better checks it still would've seen that the lending was affordable. She didn't think that Barclays had lent irresponsibly.

Mrs J didn't agree with the Investigator. She said that her work expenses and reimbursements should be treated differently than our Investigator had done. And she outlined some of her situation and noted that the loan was granted at the same time as her new mortgage. She reiterated that she was permanently in her overdraft, and this was the main reason the loans should not have been approved.

Because Mrs J didn't agree, this matter has been passed to me to make a final decision.

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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Barclays complete reasonable and proportionate checks to satisfy itself that Mrs J would be able to repay the credit in a sustainable way?
 - a. if so, did Barclays make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Mrs J could sustainably repay the borrowing?
2. Did Barclays act unfairly or unreasonably in some other way?

And, if I determine that Barclays didn't act fairly and reasonably when considering Mrs J's application, I'll also consider what I think is a fair way to put things right.

Did Barclays complete reasonable and proportionate checks to satisfy itself that Mrs J would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Barclays has explained that for loans 1 to 4 it asked Mrs J what her income was. I understand that it used a tool provided by a credit reference agency to verify this. It found out that her net monthly income was about £3,750 before loan 1, about £3,400 before loan 2, about £3,300 before loan 3 and £4,850 before loan 4.

Barclays also checked Mrs J's credit file and saw that she had no other debt before loans 1 and 2, but she had about £1,000 of revolving credit (usually credit cards) before loan 3 and about £6,450 of the same type of credit before loan 4. The credit reference agency data also showed that Mrs J hadn't had any credit repayment problems at any point.

I think the checks Barclays made before loans 1 to 3 were reasonable. The amounts lent were lower, and Mrs J seemed to have no credit repayment problems at any time before this. These checks showed that she was likely to be able to afford the lending.

But loan 4 was a significant increase in the amount borrowed and it was taken over a long term. And this was the third time that Mrs J had taken out a loan and repaid an existing one. And she now had a greater amount of other debt.

So, before loan 4, even if I accept that Barclays likely determined what Mrs J's income was, I think it should also have considered what her expenditure was to ensure she could sustainably repay this loan. It doesn't seem to have done this at all, other than looking at what was on her credit file.

So, I'm not persuaded that the checks Barclays did were reasonable and proportionate before approving loan 4. I think Barclays could have checked in more detail that this further lending wasn't likely to cause her a problem going forward.

Would reasonable and proportionate checks have shown that Mrs J would be able to repay the credit in a sustainable way?

I've gone on to consider what Barclays would likely have found had reasonable and proportionate checks been carried out.

Mrs J and Barclays have provided copies of her bank statements for the few months before each of the loans. While I wouldn't have expected Barclays to have asked Mrs J for this information she did bank with Barclays, and Barclays has reviewed the bank statements for all the lending that I am considering in any event. I'm satisfied that these statements would give a good indication of what Barclays would likely have taken into consideration had it asked Mrs J to verify, or provide more information about, her income and committed expenditure when it was approving loan 4.

Barclays said in its final response that it has recreated Miss J's income and expenditure for loans 2 to 4. Miss J earned just under £3,000 a month in the run up to these loans. And her fixed monthly expenditures were, £1,128.16 before loan 2, £1,827.54 before loan 3 and £2,006.09 before loan 4. Having looked at Miss J's statements I don't think these amounts are materially incorrect and tend to support that Barclays would have still lent if it had made better checks before loan 4, as she had enough spare income to be able to make the repayments.

Our investigator has also made a similar calculation which shows that Mrs J was likely to be able to afford loan 4. Again, this calculation doesn't seem to be materially incorrect. Mrs J has said that she would have treated her work expenses and reimbursements from her employer differently, but I don't think this will affect the calculations made to a great degree.

And overriding all of this, and perhaps most importantly, is the lack of evidence to show that Mrs J was in financial difficulty over all this lending. As I've said there was nothing to show in the credit reference agency information that Barclays received that showed Mrs J was experiencing problems.

And in the run up to loan 4 Miss J was regularly paying her bills without issue and there is no sign that she was behind on her credit repayments. Mrs J has said that there were some instances of this, and this may have been the case, but she clearly wasn't having ongoing or frequent problems paying her bills or other credit.

Mrs J was using her overdraft, and I accept that this can be an indicator of financial problems. But this seems to be the only negative aspect to her financial situation, and I don't think this is enough on its own to say that Barclays shouldn't have lent to her.

Did Barclays act unfairly or unreasonably in some other way?

I have considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think it lent irresponsibly to Mrs J or otherwise treated her 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 haven't seen anything to make me think Barclays acted unfairly or unreasonably in some other way.

My final decision

For the reasons set out above, I don't uphold Mrs J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 16 December 2025.

Andy Burlinson
Ombudsman