

## **The complaint**

Mr C complains that a loan that was made to him by Barclays Bank UK PLC was unaffordable and that it lent to him irresponsibly.

## **What happened**

Mr C applied to Barclays Bank for a home improvement loan in July 2024. His application was accepted and it lent him £35,000, which was repayable by 84 monthly payments of £611.74. Mr C complained to Barclays Bank in October 2024 that he'd been the victim of a scam. It didn't uphold his complaint, so Mr C referred his complaint to this service. He also said that the loan wasn't affordable for him, so this service contacted Barclays Bank about the affordability of the loan.

Barclays Bank didn't uphold that complaint and said that it was unable to agree that the loan was mis-sold. It said that it conducted all the necessary affordability checks prior to the acceptance of Mr C's loan application. It also said that, as part of its investigation of his complaint, it had completed an income and expenditure assessment which showed that the monthly loan repayments were affordable.

Mr C's complaints about the scam and the loan being unaffordable were considered separately by this service and his complaint about the scam hasn't been upheld. His complaint about the loan being unaffordable was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that he would've expected Barclays Bank to have taken further steps to verify Mr C's actual expenditure, but he didn't believe that it made an unfair lending decision.

Mr C says that he doesn't agree with the investigator's recommendation and would like to take the matter further for a final decision by an ombudsman. He says, in summary, that: there's no evidence of a credit search being undertaken by Barclays Bank prior to providing funds into his joint bank account; he and his partner were refused an extended overdraft facility in June 2024 and they've been in a debt management plan since 2007; and Barclays Bank didn't take into account general living expenses, such as fuel and food, only looked at the previous three months and only considered direct debit payments, which makes it look like the loan was more affordable.

## **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 C has described the circumstances which he says led to him applying for a loan as part of a scam. His complaint about the scam hasn't been upheld and, in this decision, I'm only considering his complaint that the loan was unaffordable. Barclays Bank says that Mr C applied through online banking for a loan for home improvements and that he was pre-approved for a loan of £35,000, so the application was automatically accepted. It says that

Mr C had declared a net monthly income of £4,000 and its checks showed that his income was £3,859. Its records show that it also made a search of Mr C's credit file and that it carried out an affordability assessment.

Mr C says that he's not seen any evidence of a credit search being undertaken by Barclays Bank prior to providing funds into his joint account, but that it carried out a soft search a week later, and he's provided an extract from his credit file showing that. Although Mr C says that there's no evidence on his credit file of a credit search being undertaken, Barclays Bank has provided evidence to show that it made a search of his credit file. Its evidence shows that Mr C had a secured loan with a balance of £173,000, unsecured loans totalling £10,700 and other credit of £2,700. I consider it to be more likely than not that Barclays Bank did make a search of Mr C's credit file, but I've seen no evidence to show that the credit search showed that Mr C and his partner were in a debt management plan and I'm not persuaded that there's enough evidence to show that Barclays Bank was aware, or ought reasonably to have been aware, of that debt management plan.

Barclays Bank was required to make reasonable and proportionate checks to ensure that any lending to be made to Mr C was sustainably affordable for him before providing the loan to him. Barclays Bank obtained information about Mr C's income, which it had checked, and I consider it to be more likely than not that it made a search of his credit file. As this was a £35,000 unsecured loan, repayable over seven years, I consider that reasonable and proportionate checks would have required Barclays Bank to also have obtained detailed information about Mr C's spending for it to use in its affordability assessment. It looks to me as though Barclays Bank used estimates of Mr C's spending, based on data that was available to it. I don't consider that that would have given it a detailed enough understanding of Mr C's financial situation and I'm not persuaded that the checks that it made were reasonable and proportionate in the circumstances of the loan.

Barclays Bank's affordability assessment at the time of the loan showed that Mr C had a monthly disposable income of £1,327.08, so would have been left with £715.34 after making the monthly loan repayment. In response to Mr C's complaint, it says that it completed an income and expenditure assessment for the three months leading up to the application for the loan utilising the information available on its systems and within Mr C's statements. It says that it only considered primary expenditure from direct debits and standing orders, and not any secondary expenditure such as general transactions, shopping or fuel. It says that Mr C had an average monthly income of £5,127.60 and an average monthly expenditure of £2,820.26, which would have left him with an average monthly disposable income of £2,307.34.

Barclays Bank says that Mr C told it that he shouldn't have been given a loan for home improvements as he lived in a rented property. The information that Barclays Bank had obtained from its credit search shows that Mr C had a secured loan with an outstanding balance of £173,000 and I can see from the bank statements that it and Mr C have provided that he was making monthly mortgage payments of £1,349.83.

I consider that it's more likely than not that, if Barclays Bank had made reasonable and proportionate checks and had obtained more detailed information from Mr C about his spending, its affordability assessment would have shown that a loan of £35,000, repayable over seven years by monthly payments of £611.74, was likely to have been sustainably affordable for him at that time. Its credit search showed that Mr C wasn't in arrears or defaults on any of his accounts and I don't consider that it showed that he was experiencing financial distress. Mr C says that he and his partner were refused an extended overdraft facility in June 2024, but I don't consider that any refusal of an extended overdraft would mean that Barclays Bank shouldn't have lent to Mr C.

I've carefully considered all that Mr C has said and provided about his complaint, but I'm not persuaded that there's enough evidence to show that Barclays Bank made an unfair lending decision or that it lent to him irresponsibly. I've also considered whether Barclays Bank acted unfairly or unreasonably in some other way, including whether its relationship with Mr C 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. I appreciate that my decision will be disappointing for Mr C, particularly given the circumstances that he's described, but I find that it wouldn't be fair or reasonable for me to require Barclays Bank to take any action in response to his complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 February 2026.

Jarrold Hastings  
**Ombudsman**