

The complaint

Mr C complained to Barclays Bank UK PLC trading as Tesco Bank that his Tesco Bank loan was provided irresponsibly. He wants the loan provided in June 2024 written off.

Mr C is represented by a family member but for ease of reference I have referred to Mr C throughout this decision.

What happened

Mr C explained that since 2021, he has built up a large amount of debt due to taking out bank loans to fund gambling and cryptocurrency trading. In June 2023, Tesco Bank provided him with a £5,000 loan which he isn't complaining about. However, after that he was issued with further loans by his bank before Tesco Bank lent him a further £20,000 in June 2024. Mr C said this loan wasn't affordable and increased his monthly loan repayments to around £1,450, when his income was around £2,100.

Mr C raised a complaint with Tesco Bank. Tesco Bank issued a final response upholding Mr C's complaint about the loan issued in June 2024. It offered to remove all interest applied to the loan and work with Mr C to set up an affordable repayment plan. It explained that once the loan balance had been cleared all adverse information regarding this loan would be removed from Mr C's credit file.

Mr C initially accepted Tesco Bank's response but then decided to refer his complaint to this service as he wasn't sure that the redress was sufficient given his financial circumstances at the time the loan was given. He thought that the loan, or part of the capital, should be written off.

Our investigator said that the redress offered by Tesco Bank was in line with what we would expect for a complaint upheld due to irresponsible lending. Therefore, he didn't think that Tesco Bank was required to do anything further.

Mr C asked that his complaint be passed to an ombudsman. He explained that the Tesco Bank loan was issued three months after another loan was provided by his bank for £15,300. He said that the Tesco Bank loan was clearly unaffordable and only one payment was made before the account defaulted. He said he had no chance of meeting his monthly repayments and Tesco Bank should have carried out better checks which would have identified this. He said that had the £20,000 loan not been provided, he wouldn't have been able to lose this money and so the correct outcome would be for the loan to be written off. He noted that Tesco Bank is owned by his bank which provided the other loans.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

I note that Mr C has another complaint with this service about loans provided by his bank. While I have considered both complaints and noted the relevant links between these, my decision is based on the unique circumstances of the individual complaint, in this case regarding the Tesco Bank loan provided in June 2024. I note Mr C's comment that his bank owns Tesco Bank but that wasn't the situation in June 2024 and so I have assessed this complaint on what I think Tesco Bank should have been reasonably aware of at the time.

In its final response letter Tesco Bank said that credit worthiness and affordability checks were undertaken before the loan was provided and that these didn't raise concerns or suggest the loan to be unaffordable. However, after a further review it upheld the complaint about the June 2024 loan and offered to remove all interest applied, work with Mr C to set up an affordable repayment plan and remove any adverse information from Mr C's credit file once the loan had been repaid. This outcome is in line with what we would usually expect in an irresponsible lending complaint.

Mr C has said that the loan should be written off as adequate checks would have shown his gambling. I have considered this. Before the loan was provided Tesco Bank gathered information about Mr C's income and expenses. He declared a monthly income of £2,600 (which was validated using credit reference agency data) and his monthly expenses including his housing costs, credit commitments (including the new Tesco Bank loan) and living costs, left him with disposable income of around £261. Therefore, I accept the loan appeared affordable. Mr C had maintained his repayments towards his previous Tesco Bank loan and so I do not find his account management should have raised concerns.

A credit check was undertaken which showed Mr C had existing unsecured debt of around £5,976. This appears lower than the amount Mr C had explained he had at the time, but I find it reasonable that Tesco Bank relied on the information it received. Mr C had no defaults recorded and his accounts were up to date.

Given the size of the loan, I think further questions could have been asked about Mr C's expenses but based on the initial checks, I do not think that Tesco Bank was required to verify Mr C's costs or to request copies of his bank statements. While further questions could have been asked to confirm his expenses, I find it unlikely he would have disclosed his gambling and without evidence to show that he had made Tesco Bank aware of this, I do not find I can say it should have been reasonably aware that Mr C was struggling with gambling or that providing the loan would put him at risk of further financial harm. Because of this I find the redress offered by Tesco Bank is sufficient and I do not require it to take any further action.

I've also considered whether Tesco Bank acted unfairly or unreasonably in some other way given what Mr C has complained about, including whether its relationship with Mr C might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress offered by Tesco Bank results in fair compensation for Mr C in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

My final decision is that Barclays Bank UK PLC trading as Tesco Bank isn't required to do anything additional to the actions set out in its final response letter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 February 2026.

Jane Archer
Ombudsman