

The complaint

Ms D complains Barclays Bank UK Plc trading as Tesco Bank ("Tesco") irresponsibly lent to her.

What happened

In November 2023 Ms D took out a loan with Tesco for £18,500. The loan was to be repaid over 84 months with monthly repayments of £312.53.

Ms D complained to Tesco in 2025. She said she was already struggling at the time and Tesco didn't check her credit file properly. She said she outstanding debts of nearly £20,000. Ms D said the debts are now unmanageable and it's going to take her years to recover. She would like a refund of interest and charges.

Tesco responded to the complaint. They didn't uphold it – Tesco said after conducting an affordability assessment, they'd estimated that Ms D would have sufficient income to afford the loan. Ms D wasn't happy with the response so she referred the complaint to our Service. An Investigator looked into things. They felt the checks weren't proportionate. They felt due to the size and duration of the loan, Tesco ought to have done more to satisfy themselves that the loan would be affordable for Ms D. Our Investigator used Ms D's current account statements from the time to review what Tesco would've seen.

The Investigator felt that, considering the information available in the statements, had Tesco completed proportionate checks they more likely than not still would've lent to Ms D. They said there wasn't any indication of financial difficulty and Ms D's claims of debt exceeding £20,000 wasn't verified in the credit checks completed by Tesco.

Ms D responded to the opinion of the Investigator – she felt there was evidence her debts exceeded £20,000 and she said although she inflated her income at application stage, Tesco ought to have known her income was around £500 less than declared and therefore triggered further checks.

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'm in agreement with the Investigator. I know this is likely to disappoint Ms D, so I'll explain my reasoning in more detail below.

The rules and regulations in place at the time Tesco provided Ms D with the loan required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Tesco had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Ms D. In other words, it wasn't enough for Tesco to consider the likelihood of them getting the funds back or whether Ms D's circumstances met their lending criteria – they had to consider if Ms D could sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Tesco did what was needed before lending to Ms D.

Due to the duration of the loan and the amount the repayments were, I agree that Tesco ought to have done more to find out about Ms D's expenditure, particularly as she was using this loan to consolidate debts, but their CRA information only showed debts of around £8,500.

The easiest way to do this now is to review current account statements from the time. This isn't because I would have expected Tesco to have looked at them, but I would've expected them to conduct a thorough income and expenditure assessment with Ms D.

On average, in the months leading up to the loan being provided Ms D was earning around £2,200 per month. I've not included her student finance payments, but she also received that in the September 2023. Her committed monthly expenditure was around £1,100 – not including the loan repayment from Tesco. Considering that she'd told Tesco this loan was for debt consolidation, I think it's safe to assume that some of those payments would've reduced too.

So, having considered Ms D's income and expenditure, I'm satisfied that had Tesco carried out additional checks, they would've still lent to Ms D.

I've thought about Ms D's comments in response to the view. While I'm not disputing what Ms D has said about the level of debt she held at the time, I need to consider what Tesco saw in the CRA checks they received. And that is that her debt was around £8,500. In addition to this, even if Tesco had seen debt of around £20,000, given the purpose of this loan was to consolidate debts and put Ms D in a better position, I don't think that level of debt alone would be enough to decline her application.

Ms D said she inflated her income to £42,000 per year. But Tesco used a figure of £2,100 when assessing affordability, so I don't think that's relevant as the figure Tesco did use was in line with what Ms D was actually earning. Ms D also said that her income was less which ought to have triggered Tesco to do further checks. Both the Investigator and myself are in agreement with that – we believe Tesco ought to have done additional checks. However, if they had, based on Ms D's current account statements from the time, they likely still would've deemed the loan affordable.

I'm not disputing what Ms D has said about her financial difficulties and I'm sorry she's facing this. However I need to consider what Tesco ought reasonably to have seen at the time of lending. And I can't say they've treated Ms D unfairly.

In reaching my conclusions, I've also considered whether the lending relationship between Tesco and Ms D might have been unfair to Ms D under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Tesco did not lend irresponsibly when providing Ms D with the loan. 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 Ms D, I won't be upholding her complaint against Tesco for the reasons explained above.

My final decision

It's my final decision that I do not uphold this complaint,

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 19 December 2025.

Meg Raymond
Ombudsman