

The complaint

Mr B complains that Metro Bank plc, trading as RateSetter, didn't conduct sufficient checks before lending to him and that he shouldn't have been granted the loan.

What happened

Mr B applied to Metro Bank for a loan for debt consolidation in April 2023. His application was accepted and he entered into a fixed sum loan agreement with Metro Bank for a loan of £10,000 repayable over four years by 48 monthly payments of £256.12. The loan was repaid in July 2024, but Mr B complained to Metro Bank about the loan in April 2025. It said that all of its minimum lending requirements and affordability criteria were met and that it hadn't found sufficient grounds to support his complaint.

Mr B wasn't satisfied with its response, so referred his complaint to this service. His complaint was looked at by one of this service's investigators who didn't recommend that it should be upheld. Mr B and Metro Bank then provided further information, so the investigator looked at the complaint again and, having considered everything, didn't recommend that it should be upheld.

She didn't think that there was enough for her to say that reasonable and proportionate checks should have shown Metro Bank that the loan would be unaffordable or unsustainable where Mr B appeared to have sufficient sustainable income to meet his non-discretionary expenditure and the new repayment. She said that she hadn't seen enough in the information provided which suggested that Metro Bank should've believed that he was in financial difficulties at the point of approval in April 2023 and wouldn't be able to sustainably meet the repayments towards the loan, and she wasn't persuaded that it acted unfairly when approving Mr B's finance application. Mr B says that he doesn't agree with the investigator's findings and would like an ombudsman to review his case.

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 B applied to Metro Bank for a loan for debt consolidation and he declared that he was employed full time with an annual income of £95,000 and a net monthly income of £4,622.70. Metro Bank says that Mr B consented for it to view two bank accounts and it electronically verified his income from bank statements submitted to it by open banking. Metro Bank also checked Mr B's credit file. Mr B already had a loan of £4,000 from Metro Bank and it says that Mr B had told it that he would be using the loan to settle that loan, credit card debts of 5,000 and an overdraft of £1,000.

Mr B had declared that he was a homeowner paying a monthly mortgage of £1,500 and Metro Bank says that its affordability assessment calculated that he would have a monthly surplus of £1,824.10, after making the loan repayment. Metro Bank was required to make reasonable and proportionate checks to ensure that any lending to be made to Mr B was sustainably affordable for him before entering into the loan agreement. I consider that the checks that Metro Bank made, including viewing his bank accounts, would have given it a detailed enough understanding of Mr B's financial situation to be able to conclude whether a loan of £10,000, with a monthly repayment of £256.12 was likely to be sustainably affordable for him.

Mr B says that he was in a debt management plan, had defaulted on other debts and had been declined a loan in February 2023 and that those factors, together with the amount of debt that he'd had taken on in the period before he applied for this loan, should've shown Metro Bank that the loan wasn't affordable for him. The loan was for debt consolidation and the credit checks that Metro Bank made didn't show that Mr B was in a debt management plan and had defaulted on other debts. I consider that the checks that Metro Bank made were reasonable and proportionate in the circumstances of the loan and that it conducted sufficient checks before lending to him. I also consider that it was fair and reasonable for it to use the information that it had obtained from those checks to make its lending decision.

Mr B described his discretionary expenditure to the investigator, but I don't consider that reasonable and proportionate checks in these circumstances would have required Metro Bank to have conducted the level of checks that would have been necessary for it to have fully understood his financial situation before lending to him. The loan was for debt consolidation, so I consider that it would be reasonable for Metro Bank to have expected the loan to have reduced the amount that Mr B was paying each month for his existing credit commitments.

I've carefully considered all that Mr B has said and provided about his complaint, but I consider that it was fair and reasonable for Metro Bank to have concluded, on the basis of the reasonable and proportionate checks that it had made, that a loan of £10,000, repayable over four years by monthly payments of £256.12, was likely to have been sustainably affordable for Mr B at that time. I'm not persuaded that there was enough evidence to show that Metro Bank should have concluded, or ought reasonably to have concluded, that the loan wouldn't have been sustainably affordable for him.

I've also considered whether Metro Bank acted unfairly or unreasonably in some other way, including whether its relationship with Mr B 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. Mr B settled the loan in July 2024 and I'm not persuaded that there's enough evidence to show that Metro Bank acted incorrectly in making the loan to him. I appreciate that my decision will be disappointing for Mr B, but I find that it wouldn't be fair or reasonable in these circumstances for me to require Metro Bank to take any action in response to his complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 January 2026.

Jarrod Hastings
Ombudsman