

The complaint

Miss F complains that Barclays Bank UK PLC, trading as Tesco Bank ('Tesco Bank'), irresponsibly agreed to a loan she couldn't afford.

What happened

In October 2021 Miss F applied for a loan with Tesco Bank. She was given a loan of £15,000 and the monthly repayment was £324.29, repayable over 60 months.

Miss F has complained to Tesco Bank to say that the account shouldn't have been opened for her because it wasn't affordable, and Tesco Bank should have realised this from its checks.

In my provisional decision dated 6 November 2025 I explained why, unlike our investigator, I wasn't intending to uphold Miss F's complaint. Essentially, I thought Tesco Bank had carried out checks that were reasonable and proportionate and that it had gone on to make a fair lending decision.

I set out below an extract from my provisional decision:

"Tesco Bank accepted what Miss F told them about her income situation. She said she was receiving a net monthly income of £2,500, plus an annual bonus.

Tesco Bank also says they carried out a credit search in Miss F's name to assess her level of debt at that time and to understand how she'd been managing that debt. Tesco Bank was then able to make an assessment of the likely affordability of the loan using statistical information.

The checks showed that Miss F had around £29,000 in unsecured loans and around £8,000 owing on credit cards – taken together, these looked to be costing her around £900 per month. They also showed she was paying a joint mortgage of just over £200,000, working out at monthly payments of around £740. Her credit file was very clean at the time with no recent history showing adverse markings on her credit file, such as defaults, late payments or county court judgments.

So, it seemed from the credit file that at the point that the lending decision was made, based on what Tesco Bank knew about her income and committed monthly spending, Miss F was able to sustainably repay her existing level of debt whilst having sufficient available income for the new lending to be likely to be affordable.

I would therefore say that Tesco Bank appeared to have little reason to make further enquiries into Miss F's expenditure at that time, based on the information it was provided with by Miss F and also as a result of the information it had obtained from its own checks. As I've mentioned above, this included factoring in statistical information about her living costs and allowing for her paying a 50% share of the mortgage. That's not unreasonable, given that the mortgage was joint and she was living with her partner. And so, I wouldn't conclude that Tesco Bank was put on notice of any reason not to agree the lending from that.

Our investigator took the view that given Miss F's level of borrowing, Tesco Bank ought to have carried out further checks. So, having looked at Miss F's bank statements, she asked her for further details about how she was managing her finances at the time. Miss F told our investigator about a savings account that she was drawing funds from each month and paying into her main bank account. And she explained that she was transferring £850 into a joint account with her partner each month to fund household costs, including her share of the mortgage. The FCA Miss F Credit Sourcebook provides guidance on what businesses need to do when considering lending. When lending, a business is entitled to consider income that is being received by another person to the extent that it's likely to be available to a borrower. That means Tesco Bank could make allowance for key household costs, such as a mortgage, being shared between Miss F and her partner.

The bank statements cover a period of several months leading up to the lending. Having looked through them, I'm satisfied that had Tesco Bank sought further clarification about Miss F's financial situation and requested these, it's likely that Tesco Bank wouldn't have seen enough to show or suggest that agreed to the loan wasn't reasonable.

I accept it's possible that Miss F's actual circumstances might not have been fully reflected either in the information she provided at the time of the application, or the information Tesco Bank obtained. But what I've seen is enough to satisfy me that she had sufficient funds in her account to be able to sustainably repay the new loan.

I should add here that as a prospective lender, Tesco Bank's checks were likely to be geared towards establishing whether the new loan looked to be affordable and was something that Miss F could repay sustainably. Also, I have to look at the information that was reasonably available to Tesco Bank at the time it made its lending decision.

It follows that I don't currently consider it would be reasonable to expect Tesco Bank to seek a deeper level of information that wasn't apparent from its own credit checks. That means I'm not currently persuaded Tesco Bank acted unfairly in agreeing to provide Miss F with the loan."

Tesco Bank had nothing to add in response to my provisional decision.

Miss F said that having £29,000 in loans and £8,000 in credit cards was unsustainable given her income at the time.

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.

I've again read and considered the whole file.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss F's complaint.

I've thought about what Miss F has said and looked back through the evidence and information I previously considered. I've also thought about Miss F's specific financial circumstances and considered her bank statements, given that they'd been obtained by our investigator and were available to me on the file. Having done so, I haven't seen anything significant that I might have overlooked or failed to consider previously that could lead me to revise my provisional finding.

It follows that I still think Tesco's checks went far enough to establish that the new loan looked to be affordable and that she'd be able to repay it sustainably based on her level of income and financial circumstances. I therefore don't think Tesco made an unfair lending decision.

I'm sorry to have to disappoint Miss F on this occasion.

I've considered whether the relationship between Miss F and Tesco Bank 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 Tesco Bank lent irresponsibly to Miss F or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 22 December 2025.

Michael Goldberg

Ombudsman