

The complaint

Miss B complains that Sainsbury's Bank Plc was irresponsible in its lending to her and that she was not adequately assessed for the credit.

What happened

Miss B applied for credit with Sainsbury's Bank and had a loan approved as follows:

Date	Amount of Credit	APR	Loan Term	Monthly Repayment
July 2017	£14,000	9.1%	60 months	£293.09

Miss B says that Sainsbury's Bank did not carry out the affordability checks it should have done before offering her the loan, and that as a result she was given credit she couldn't afford at the time.

Sainsbury's Bank investigated Miss B's complaint and said it believes it undertook appropriate checks, proportionate to the amount of credit being granted, which confirmed the loan was affordable and sustainable for Miss B. Sainsbury's Bank is therefore satisfied that it was not irresponsible in providing Miss B with the loan.

Although the loan was approved in July 2017, which puts the case outside this service's jurisdiction, Sainsbury's Bank has consented for us to investigate the complaint.

Our investigator therefore reviewed matters and didn't think that Sainsbury's Bank had done anything wrong by providing the loan to Miss B and that its checks were adequate with affordability and sustainability established.

Sainsbury's Bank didn't dispute this, but Miss B did. She says that Sainsbury's Bank should not have used average figures to assess affordability and should have verified her actual income and expenses.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. While I have taken into account the relevant laws and regulations, my decision is based on what I consider fair and reasonable given the circumstances of this complaint.

As our investigator has explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering

things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Miss B applied for a loan of £14,000 over 60 months and stated that the purpose of the loan was to consolidate other borrowing.

Before the loan was approved, Sainsbury's Bank gathered information on Miss B's financial situation. Miss B declared a gross income of £39,999, which Sainsbury's Bank estimated to be a net monthly income of around £2,549. Sainsbury's Bank completed a credit check which showed an overall debt of £11,900, £600 of which was revolving credit. There was no adverse data on Miss B's credit file that should have raised concern. Sainsbury's Bank used credit file data, declared information from Miss B and internal estimates to calculate her monthly disposable income. It used a housing cost figure of £500, which was supplied by Miss B, essential living expenses of £300, which were an internal estimate, and debt servicing costs of around £290, which were calculated from Miss B's credit file. Sainsbury's then applied a 10% buffer, which appears to be for any cost-of-living increases during the term of the loan. Taking account then of the monthly repayments on the new loan, this left a disposable income figure for Miss B of around £1,019.

I note that Miss B doesn't think Sainsbury's should have used estimated figures when assessing affordability. But CONC 5.2A. states that a lender may take into account statistical data when considering non-discretionary expenditure unless it knows or has reasonable cause to suspect that the customer's non-discretionary expenditure is significantly higher than that described in the data or that the data are unlikely to be reasonably representative of the customer's situation. I cannot see any reason why Sainsbury's Bank should have suspected that this was the case from Miss B's application. So, it follows that I do not think that Sainsbury's Bank should have requested further information such as bank statements.

Having looked at the information Sainsbury's Bank took into account, I believe the checks carried out were proportionate considering Miss B's circumstances, the amount and term of the loan and the amount of disposable income available.

But it doesn't end there. I have gone on to consider whether what these checks showed should have raised any concerns that the loan was not affordable or sustainable for Miss B.

The credit check that Sainsbury's Bank carried out at the time of the application didn't show any concerns with Miss B's existing lending, with no adverse information showing, and Miss B's existing credit being well managed. Her debt-to-income ratio was 31% which is relatively low. Additionally, the disposable income figure of around £1,019 is a very generous amount to cover emergencies or increases in the cost of living over the term of the loan, and in any case, Sainsbury's Bank included a 10% buffer when assessing the loan application. Given the reason Miss B declared for the loan was debt consolidation, it is also reasonable to expect that her monthly credit commitments would reduce, giving her some additional disposable income. In conclusion, there is nothing in the information that was available to Sainsbury's Bank at the time of the loan application that leads me to believe that the lending was unaffordable or unsustainable for Miss B.

After receiving our investigator's view, Miss B has provided bank statements to give further detail on her financial situation at the time of lending. I can see from this that the checks undertaken by Sainsbury's Bank did not necessarily reveal the full extent of her circumstances, but this is not a failure on its part, as the checks were proportionate to the lending and did not give any indications that it should have requested further information such as current account statements.

Miss B also raised the fact that she had received a cheque from Sainsbury's Bank but she was unsure why this had been sent to her. Sainsbury's Bank has confirmed that the cheque issued to Miss B in July 2023 was part of a remediation exercise where some customers had been incorrectly charged fees and interest on arrears, and that a letter explaining this was

enclosed with the cheque at the time. Therefore, I have not considered this matter when looking at Miss B's complaint.

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

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 16 March 2026.

Hannah Poulton
Ombudsman