

The complaint

Shawbrook Bank Limited ('Shawbrook') provided Mr W with a loan in January 2020 to purchase a boiler. The loan was for £2,778 and was repayable by way of 60 monthly payments of £56.73. Mr W says the loan was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

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 considered everything, I'm upholding Mr W's complaint. I'll explain my reasoning below:

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mr W's case.

I've decided the loan wasn't provided fairly because:

- I don't think the checks Shawbrook did before providing the loan were reasonable and proportionate given the loan amount and what it knew about Mr W's financial situation. As noted by our investigator, Mr W owed almost £22,000 in unsecured credit and was also paying a mortgage. He'd taken out multiple loans in the previous six months.
- If Shawbrook had done proportionate checks, I think it's likely these would have shown it was unfair to provide the loan to Mr W. I'm in broad agreement with what our investigator found, having reviewed bank statements provided by Mr W. These show it was likely he would have been left with less than £50 in disposable income once his normal living costs and the regular financial commitments he was making were taken into consideration.
- Shawbrook says Mr W's partner was helping with contributions towards the mortgage and so might have been making other household contributions. Mr W told us he was having difficulty meeting his mortgage contributions and needed to borrow because of those difficulties. I therefore don't think this materially changes the position that Mr W lacked sufficient disposable funds to be able to sustainably repay the new loan.
- Based on the information Mr W has provided about his circumstances at the time, I therefore think Shawbrook should have realised he was likely to be unable to sustainably repay what he was being lent.

This means I don't think Shawbrook should have provided the loan to Mr W.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr W in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

To settle Mr W's complaint Shawbrook should do the following:

- Refund any payments made towards the agreement in excess of £2,778, representing the original cash price of the boiler. It should add 8% simple interest per year* from the date of each overpayment to the date of settlement.
- Remove any adverse information recorded on Mr W's credit file regarding the agreement.

*HM Revenue & Customs requires Shawbrook to take off tax from this interest. Shawbrook must give Mr W a certificate showing how much tax it's taken off if he asks for one.

My final decision

My final decision is that I'm upholding this complaint and Shawbrook Bank Limited must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 January 2026.

Michael Goldberg

Ombudsman