

The complaint

Mrs M complains that Barclays Bank UK PLC lent to her irresponsibly.

What happened

On 7 November 2019, Mrs M applied for – and was given – a loan from Barclays on the following terms:

Date	Amount	Term	Monthly repayment
7 November 2019	£10,600	60 months	£208.29

Mrs M made all the payments on time, and the loan was repaid in full on 18 November 2024.

On 1 April 2025, Mrs M complained to Barclays. She said she didn't believe the bank had completed an appropriate affordability check before agreeing to lend to her. She said she *"recently started working part-time and was earning a modest income, which was not proportionate to the level of borrowing granted."* The loan also *"marked the onset of [her] gambling addiction"*.

Barclays looked into Mrs M's complaint and issued a final response letter. It didn't agree the loan had been lent irresponsibly. As part of its investigation, it carried out a review of her bank statements and stood by its decision that the loan was affordable for her. It didn't uphold Mrs M's complaint.

Mrs M didn't accept Barclays' response so she referred her complaint to our service. Two of our investigators looked into it. The first felt Barclays income and expenditure check was reasonable, and the loan appeared affordable for her. But he went on to say that Barclays had been unable to provide the full details of what it saw on Mrs M's credit report and could only provide a snapshot, so he didn't think it had provided evidence of a reasonable and proportionate check. He went on to consider Mrs M's bank statements for the period just prior to the application, in order to gain a better picture of her financial circumstances. Having done so, he felt that if Barclays had done more, it would still have agreed the loan.

Mrs M didn't accept what our investigator said and provided further information about her income. Another investigator looked into the complaint. In light of this new information, the investigator didn't feel the loan was affordable for Mrs M and upheld the complaint.

Mrs M accepted what the second investigator said, but Barclays didn't. As there was no agreement, the complaint has been passed to me for a 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 done so I've reached a similar conclusion to that of our first investigator but for different reasons. I issued a provisional decision saying:

“We’ve set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I’ve considered this approach when deciding this complaint.

Barclays needed to carry out reasonable and proportionate checks to ensure that it didn’t lend to Mrs M irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- *Did Barclays carry out reasonable and proportionate checks to satisfy itself that Mrs M was in a position to sustainably meet the repayments?*
- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did Barclays make a fair lending decision?*
- *Did Barclays act unfairly or unreasonably towards Mrs M in some other way?*

Barclays had to carry out reasonable and proportionate checks to satisfy itself that Mrs M would be able to repay the loan sustainably. It’s not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the loan, the amount of the repayments and the overall circumstances of the borrower.

Did Barclays carry out reasonable and proportionate checks?

Our first investigator set out in detail the checks Barclays carried out including its assessment of Mrs M’s income and expenditure. This showed she received £1,998 per month and her committed expenditure was £1,582 (based on a mixture of transactional data from her current account and statistical data). This left £416 disposable income from which to meet the loan repayments of £208.29 which appears affordable.

Barclays also carried out a credit check which it said showed Mrs M had debt of £2,100 and no arrears or defaulted balances, but it was unable to provide sufficient detail to support that – just a screen shot showing no secured or unsecured loans and just the figure of £2,100 for revolving credit (credit / store cards and the like). As Barclays couldn’t provide more detail, he went on to look at Mrs M’s bank statements, but I don’t think that was right.

Barclays had already carried out a review of Mrs M’s bank statements as part of its checks and has provided evidence of what it found. It held a current account in her name and had used that information to generate the income and expenditure calculation mentioned above. Barclays was entitled to use that information for the purpose of assessing the application, so I don’t think it needed to do more in that regard. But I do agree with the investigator that as it couldn’t provide more details about what it saw on her credit file, I can’t reasonably conclude that Barclays’ checks were reasonable and proportionate.

What would a reasonable and proportionate check have shown at the time?

The information missing from the bank’s evidence was information relating to Mrs M’s credit report. I asked Mrs M to provide a copy of her report, and she has provided one dated 4 April 2023. While it doesn’t show exactly what Barclays would have seen at the time, as it shows data including closed accounts for six years (dating back to April 2017), it provides a good indication.

The report shows that when she applied for the loan on 7 November 2019, Mrs M had:

- *Three credit cards with a total limit of £1,800;*

- Four catalogue shopping accounts with a total limit of £4,850;
- Two communications accounts;
- One loan with a balance of £5,570 which was to be repaid by this loan; and
- One current account which was with Barclays and had a £1,000 overdraft.

The limit information is taken from the credit report Mrs M has provided – dated April 2023. The report doesn't give details of the balances at the time of her application in November 2019, and the limits may have changed. But I can see the payment history back to 2017, so I'm satisfied that payments were up to date for each facility and had been for 2½ years prior to her application for this loan.

Mrs M had no defaults or County Court Judgements showing at the time of the report. This tells me that if there had been any at the time Barclays assessed her application, they would have been at least 2½ years old by then and could reasonably have been considered historic. But as, in my experience, Barclays doesn't generally lend to customers with adverse information on their credit file and bearing in mind the information I can see, I'm minded to conclude that there were no defaults or CCJ's showing at the time of the application.

I am satisfied that Barclays did carry out a credit check as part of its assessment of the application, but it simply couldn't provide more details about it - perhaps due to the time elapsed. Having reviewed a more recent (but still useful) credit report, I'm satisfied that there was nothing showing that would have been of particular concern to it at the time.

I note too that the purpose of Mrs M's application was to repay debt elsewhere and the payments to this new loan were lower than the payment she was making to her existing one. Given the existing loan account for around half of the money advanced by Barclays, if she had used the remainder to clear the other accounts in line with the intended purpose, she would have been likely to have made considerable monthly savings.

So all things considered, if Barclays had been able to provide details of the credit check it carried out, I'm satisfied it would have supported the bank's decision to lend.

I have thought carefully about Mrs M's comments that the income figure Barclays used for her application (which it took from her current account) was inflated by payments from friends and family. She said "I was not aware that monies received from a family member would be classified as income. When I applied for my loan with Barclays, I would assume that only actual income would be taken into consideration."

The rules lenders must follow are set out in the Consumer Credit sourcebook (CONC). CONC 5.2A.12 allows lenders to take into account income received by another person provided it can reasonably be expected to continue and be available for the course of the agreement.

Mrs M received money from her husband and other family members on a frequent basis as well as paid employment and benefits which exceeded the income figure used by Barclays. So I don't think it was wrong for Barclays to think that would be likely to continue, and therefore for it to take that money into account in its assessment.

Did Barclays make a fair lending decision?

For the reasons set out above, I think on balance Barclays did carry out a reasonable and proportionate check on Mrs M's application, but was unable to supply some of the information it reviewed. Had it been able to do so, for the reasons set out above, I'm satisfied I would have found that the decision to lend was fair and reasonable. And having

considered all the information provided by both Barclays and Mrs M, I've seen nothing which makes me think it treated her unfairly by agreeing this loan.

Did Barclays act unfairly or unreasonably towards Mrs M in some other way?

I've carefully considered all the information provided by each party to the complaint and haven't seen anything which makes me think the bank acted unreasonably in some other way.

I note that Mrs M has said the loan triggered a gambling addiction and I am sorry to hear that. Looking at her current account performance at the time of the application, I can see the odd small payment to an online bookmaker - £5 or £10 once or twice a week. But I don't think that is sufficient for me to say those payments ought to have put Barclays on notice that Mrs M had an issue with gambling, or that lending to her would be likely to cause the problems she encountered later.

For the reasons I've already given, I don't think Barclays lent irresponsibly to Mrs M or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

I appreciate my decision will come as a disappointment to Mrs M, but I hope my explanation has been helpful. I hope she has received any help she requires with regards to gambling. If she hasn't, she may find it useful to contact the following organisations which may be able to provide information, help and support:

- *Gamcare - <http://www.gamcare.org.uk/> who provide information, advice, support and free counselling for the prevention and treatment of problem gambling.*
- *The Gambling Commission - <http://www.gamblingcommission.gov.uk/> which is the regulator of the gambling industry. Their website provides general information for consumers."*

Barclays accepted my provisional decision, but Mrs M didn't. In summary, she didn't agree that money received from family members ought to have been classified as income when assessing affordability. She didn't consider the threshold for CONC 5.2A.12 was met. She said, "*a prudent and fair affordability assessment should have distinguished between stable earned income and occasional third-party support*". She felt the loan of £10,600 was too high compared to her actual earned income.

The party who knows their financial situation best and what they can afford will always be the customer. But, while lenders can generally accept what a customer tells it, it would not be sensible for them to rely solely on that, so they are obliged to conduct checks of their own before agreeing to lend.

When assessing applications for loans, Barclays uses an automated process to estimate a customer's income and expenditure based in part on their current account (if they have one with it) as well as what the applicant tells them.

CONC allows the use of reasonable estimates of income and expenditure; CONC 5.2A.15 says, "*The firm must take reasonable steps to determine the amount, or make a reasonable estimate, of the customer's current income.*" And CONC 5.2A.17 says, "*The firm must take reasonable steps to determine the amount, or make a reasonable estimate, of the customer's current non-discretionary expenditure.*"

In my provisional decision, I have explained that I think Barclays made a fair assessment of Mrs M's income and expenditure. The first investigator made a similar assessment based purely on a review of her bank statements. While the figures differed slightly, each found the loan appeared to be affordable for Mrs M.

Barclays has provided details of its' estimates in its final response. It's clear then that it carried out an assessment which was compliant with its obligations. I think it was reasonable for Barclays to reach a decision whether or not to lend based on that assessment unless it was clearly incorrect.

When she accepted the loan, Mrs M confirmed that the loan would be affordable for her. The agreement says, *"Before you sign the agreement, it's vital that you consider carefully whether you can afford the repayments, taking all your financial commitments into account."* The loan was intended for debt consolidation and, if used for its intended purpose, would be saving Mrs M money each month.

I note that Mrs M feels the amount of the loan was out of line with her income. But for the reasons I've explained, I think it was reasonable for Barclays to consider the loan was affordable for her. And as the loan was intended to save money by repaying debts elsewhere too, it was reasonable to think that it would improve her monthly budget. I think Barclays reached a fair decision to lend to Mrs M.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 February 2026.

Richard Hale
Ombudsman