

## The complaint

Mr C complains that Barclays Bank UK PLC was irresponsible in its lending to him. He wants a refund for the money he borrowed.

Mr C is represented by a family member but for ease of reference I have referred to Mr C throughout this decision.

## What happened

Mr C explained that he had held a current account with Barclays for several years before he took out his first loan with it in August 2021. This loan was for £7,500 and doesn't form part of this complaint. Mr C took out further loans from other finance providers in November 2021 and June 2023 and during this time he said his bank account showed a high level of cryptocurrency trading and some gambling. In June and July 2023 (and subsequently) Mr C said his gambling and cryptocurrency trading increased rapidly.

In August 2023, Mr C applied for another Barclays loan for £12,000. In the days preceding the loan funds being received he said his bank account showed he had lost £10,000 gambling. Despite this he was then issued with a further loan in March 2024, for £15,300.

Mr C said the additional credit provided in August 2023 and March 2024 wasn't affordable. After making a family member aware of his situation, Mr C's family member lent him money to repay the final Barclays loan. He said this situation has caused a great deal of stress to him and his family.

Barclays issued a final response not upholding Mr C's complaint. It confirmed that all necessary checks were undertaken before the loans were issued. It said that based on its income and expenditure checks the loans were affordable. It noted Mr C's comments about his gambling and said a note could be added to his account.

Mr C referred his complaint to this service.

Our investigator noted this complaint was about the loans issued in August 2023 (loan two) and March 2024 (loan three). He found the checks undertaken before the loans were issued included a credit check, verifying Mr C's income and completing an income and expenditure assessment using six months of bank statements as Mr C banked with Barclays. He thought the checks completed were sufficient but had concerns about what these showed.

The checks before loan two was issued noted heavy gambling on Mr C's account. They highlighted £8,900 of gambling in the previous six months compared to Mr C's income of £12,600 showing he had spent around 70% of his income on gambling. Given this, our investigator thought the loan wasn't provided responsibly.

For loan three, he said the same issues noted for loan two applied but that there were further signs Barclays should have seen. He said that after receiving the funds from loan two into his Barclays account, Mr C spent most of the money on gambling. Based on this he thought that loan three was highly irresponsible and was likely to cause Mr C financial harm.

Based on his findings, our investigator didn't think it fair that Barclays should be allowed to charge any interest or charges under the credit agreements. While he said that Mr C should be required to repay the amount he borrowed for the August 2023 loan, he didn't think he should be required to repay the outstanding balance on the March 2024 loan. Once the balance had been cleared, he said any adverse information should be removed from Mr C's credit file.

Barclays accepted our investigator's view and confirmed the interest that would be refunded. It noted that both loans had been settled in full with no arrears reported.

Mr C didn't think the redress recommended by our investigator was sufficient. He said that both loans had been identified as being irresponsible and that the checks before the August 2023 loan identified heavy gambling and so it would have been reasonable to assume the borrowed funds may be used for this. He said that Barclays was aware of his gambling yet still lent to him causing him further financial harm. He explained that the March 2024 loan had been repaid due to help from a family member and thought the fair outcome would be for him to receive a full refund of all interest on the loans as well as a refund of all capital repaid on the March 2024 loan.

As a resolution wasn't been agreed, this complaint was passed to me, an ombudsman, to issue a decision.

#### *My provisional conclusions*

I issued a provisional decision on this complaint, the details of which are set out below.

*This complaint is about the loans issued to Mr C by Barclays in August 2023 and March 2024. Mr C settled his August 2023 loan with the March 2024 top up loan. He settled his March 2024 loan in October 2024. He has explained that he borrowed from a family member to repay his March 2024 loan.*

*Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.*

*The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.*

*When assessing a complaint, while I take all relevant rules, regulations and guidance into account, my decision is based on what I consider fair and reasonable based on the unique circumstances of the complaint. In this case, Barclays accepted our investigator's view that the loans were irresponsibly lent. The outstanding issue relates to the actions that should be taken as a result of this.*

*In cases of irresponsible lending, our usual approach is that the lender shouldn't be able to charge any fees or interest on the credit agreement but that the customer would be required to repay the funds they received. However, there are circumstances where we find that the finance provider should have reasonably foreseen that providing the funds could cause harm to the consumer and in such cases, we may suggest that any outstanding balance be written off.*

*Before the August 2023 loan was agreed, income and expenditure checks were undertaken based on a review of Mr C's account statements with Barclays. While I accept that based on*

*his income and essential costs, the loan appeared affordable, the checks highlighted his gambling. Having looked through the account statements for the months leading up to the August 2023 application I can see that Mr C was making frequent large payments to gambling sites, and while he was also receiving credits, I think the scale and frequency of the gambling should have raised concerns with Barclays that Mr C wasn't in control of his gambling and that while he may have said the loan was for another purpose, there should have been concern that the loan proceeds may be used for gambling.*

*Mr C's account statements show that the August 2023 loan proceeds were received on 10 August 2023, and the next day he made payments to gambling sites of £6,800 and then he made further payments of £4,000 to gambling sites on 14 August 2023. Mr C's account usage over the next months showed he continued to spend on gambling and cryptocurrency sites. Therefore, based on Mr C's account usage, I think that Barclays should have reasonably foreseen that the provision of both the August 2023 and March 2024 loans could have caused Mr C financial harm.*

*The August 2023 loan was settled by the March 2024 loan and Barclays has agreed to refund all interest and charges on this loan along with statutory interest. I find this a fair outcome.*

*Regarding the March 2024 loan, our investigator said that all interest and charges should be refunded and that Mr C shouldn't be required to repay the capital. Barclays agreed to this but as the loan had been settled in October 2024, there was no outstanding balance to repay. Mr C has said that he borrowed from family in order to repay the March 2024 loan and so he feels that he should be refunded all payments made towards this loan. In this case, while I think it reasonable that had there been an outstanding balance on the loan, this should have been written off, I do not find I can say that Barclays is required to refund the money that was repaid. While I acknowledge that Mr C has a separate liability to repay his family the money he borrowed, as he is no longer liable to Barclays for any amounts due on the loan (and he will receive a refund of all interest and charges), I do not find that I can reasonably request that Barclays take any further action in regard to the loan.*

*That said, this situation has caused Mr C distress and inconvenience. And as I think the loans shouldn't have been provided and caused Mr C further financial harm, I think in this case, compensation for the distress caused is warranted. While I appreciate Mr C may not feel this adequately reflects the issues raised in his complaint, I think compensation of £500 is reasonable.*

*I've also considered whether Barclays acted unfairly or unreasonably in some other way given what Mr C has complained about, including whether its relationship with Mr C might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr C in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.*

Barclays accepted my provisional decision. Mr C responded to my provisional decision saying that he didn't think that his credit report had been properly scrutinised. He provided a copy of this and set out the loans that had been taken out and repaid with other lending. He noted that the £15,300 loan was missing from the credit report and while Barclays had reported the previous loan of £12,000 being cleared, it hadn't then reported the new £15,300 loan that was used to repay the £12,000 loan. He said the omission of this loan wasn't a timing issue as it still wasn't present on the credit report several months later. Mr C said that had the £15,300 loan been correctly recorded, it was likely that he wouldn't have been provided with a further £20,000 loan by another provider.

Mr C reiterated his request that the lent funds be refunded. He referred to a case study on our website and also noted that both our investigator and I had said that loan three should not need to be repaid. Given this he said the repaid loan should be refunded. Mr C said that Barclays had acted highly irresponsibly and fed his gambling addiction. He said the redress of Barclays repaying the profit from the loan and £500 wasn't sufficient given the loans had wrecked his life by providing large amounts of credit that it knew he would gamble and not be able to repay. He said that he should be put back in the position he would have been before the loan was issued, which meant being refunded the amount he borrowed.

### **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 have considered the comments Mr C has made in response to my provisional decision and I do not underestimate the upset that he has been caused by the issues raised in this complaint. However, having reviewed the comments, my conclusions as set out in my provisional decision haven't changed and I have explained why below.

Mr C raised concerns that the £15,300 loan wasn't reported to the credit reference agencies and he provided a copy of his credit file to support this. Given Mr C's comment, we asked Barclays about this issue and it provided evidence to show that the £15,300 loan had been reported to the credit reference agencies until it was settled.

Mr C referred to a case study on our website where the outcome was to refund the capital amounts of the loans. I did consider this and I reviewed the case study Mr C referred to before I issued my provisional decision. While I appreciate that he finds similarities in the case to his, each case is assessed based on its individual merits and the case study only provides a summary of the circumstances. I cannot comment on the underlying case on which the case study was based but having reviewed Mr C's complaint, while I think that had there been an outstanding balance on the loans this should have been written off, I do not find that the capital amount lent should be refunded. Mr C no longer has any liability to Barclays for the loan and will be refunded the interest and charges applied and I find this a fair outcome.

I appreciate that Mr C doesn't think the £500 compensation is sufficient given the impact the loans had on him. I am sorry for the experience Mr C has had and I can assure him I have fully considered this. Our role isn't to punish a business when mistakes are made but to try to put things right, including awarding compensation for distress and inconvenience. I understand that Mr C feels the award I made isn't high enough, but taking everything into consideration, I think it provides a fair resolution to this complaint.

So, for the reasons set out in my provisional decision and above, I am upholding this complaint and find the redress set out in my provisional decision provides a fair resolution.

### **Putting things right**

Barclays should (as it has agreed) refund Mr C any interest and charges applied to both the August 2023 and March 2024 loans along with 8% simple interest\* on any overpayments (calculated from the date the overpayments were made until the date of settlement). While I find that had there been any outstanding balance on the loans, these should have been written off, as the loans have been settled, this is no longer relevant.

Additional to the above, Barclays should also pay Mr C £500 compensation for the distress and inconvenience he has been caused.

Barclays should also remove all adverse information regarding these loans from Mr C's credit file.

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

### **My final decision**

My final decision is that Barclays Bank UK PLC should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 March 2026.

Jane Archer  
**Ombudsman**