

## **Complaint**

Mr D has complained about a loan National Westminster Bank Public Limited Company (then trading as “Sainsbury’s Bank”) provided to him. He says that his existing debts meant that it was irresponsible to lend to him.

## **Background**

Sainsbury’s Bank provided Mr D with a loan for £6,250.00 in August 2022. This loan had an APR of 14.9%, total interest, fees and charges of £2,469.80 and this meant that the total amount of £8,719.80 was to be repaid in 60 monthly instalments of £145.33. I understand that the purpose of the loan at the time of the application was debt consolidation.

One of our investigators reviewed what Mr D and Sainsbury’s Bank had told us. And she thought that Sainsbury’s Bank hadn’t done anything wrong or treated Mr D unfairly. So she didn’t recommend that Mr D’s complaint be upheld.

Mr D disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr D’s complaint. I’ll explain why in a little more detail.

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 Mr D’s complaint.

Sainsbury’s Bank needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Sainsbury’s Bank needed to carry out proportionate checks to be able to understand whether Mr D could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Sainsbury’s Bank says it agreed to Mr D’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked Mr D’s declaration of income against information from credit reference agencies on the amount of funds going

into his main bank account each month and his expenditure against a credit search it carried out.

In Sainsbury's Bank's view all of this information showed Mr D could afford to make the repayments he was committing to.

On the other hand, Mr D has said he should never have been provided with this loan because of his existing financial position.

I've carefully thought about what Mr D and Sainsbury's Bank have said.

The first thing for me to say is that Sainsbury's Bank didn't simply accept an over-optimistic declaration of monthly disposable income at face value. Sainsbury's Bank checked Mr D's declaration with information from credit reference agencies. The credit checks showed that Mr D didn't have any significant adverse information – such as defaulted accounts or county court judgments (“CCJ”) – recorded against him.

I accept that a lender may take comfort from the fact that a lender may not have experienced significant difficulty in the past. However, I also think that this is an indication that a prospective borrower has been able to manage the credit they had previously. Furthermore, while Sainsbury's Bank's credit searches did show that Mr D had some existing debts, the intention was for Mr D to clear some of his existing commitments with the proceeds of this loan. Mr D would have been in a better position had he used this loan to consolidate his existing debts in the way he said he was going to.

This is especially if he cleared the overdraft he's referred to as it had a significantly higher rate of interest than this loan. In these circumstances, I'm satisfied that Sainsbury's Bank was reasonably entitled to believe that this loan would be beneficial to Mr D and it wouldn't be increasing his existing indebtedness in a way that was unsustainable or otherwise harmful.

It's also worth pointing out that the information Sainsbury's Bank obtained does appear to show that he did have the funds, at the time at least, to sustainably make the repayments due under this agreement. Equally, Mr D would have even more left over provided he consolidated his debts in the way that he said he would.

It is possible that Mr D may not have cleared his existing balances with this loan, or ended up re-establishing balances on some of his credit accounts. But Sainsbury's Bank can't know that this would have happened. Ultimately, Sainsbury's Bank needed to make a reasonable decision based on the information it had available at the time.

In my view, all Sainsbury's Bank could do was take reasonable steps to ensure the payments would be affordable for Mr D. And as Mr D didn't have a history of obtaining loans from Sainsbury's Bank and then failing to consolidate debts as he said he would here, I think Sainsbury's Bank was reasonably entitled to believe the funds would be used for the stated purpose.

As this is the case, I don't think that Sainsbury's Bank did anything wrong when deciding to lend to Mr D – it carried out reasonable and proportionate checks which suggested that Mr D wouldn't have difficulty making his payments to this loan. Furthermore, if he consolidated his debts like he said he would do, Mr D would actually have been left in a better financial position.

For the sake of completeness, this means that while I've considered what Mr D has said reviewing his bank statements would have shown Sainsbury's Bank, as it didn't have his

bank statements and it didn't need to request this information, this hasn't persuaded me that the complaint should be upheld.

In reaching my conclusions, I've also considered whether the lending relationship between Sainsbury's Bank and Mr D might have been unfair to Mr D under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Sainsbury's Bank irresponsibly lent to Mr D or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I don't think that Sainsbury's Bank treated Mr D unfairly or unreasonably in its dealing with him on this loan. And I'm not upholding Mr D's complaint. I appreciate this will be very disappointing for Mr D. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 March 2026.

Jeshen Narayanan  
**Ombudsman**