

## **The complaint**

Mr M complains that Barclays Bank UK PLC trading as Tesco Bank (Barclays) lent to him irresponsibly.

## **What happened**

Mr M took out a credit card with Barclays, in September 2018. The credit limit given to Mr M was £3,200. There were no further limit increases, and the account was defaulted in 2019 and later the same year Mr M entered bankruptcy. Barclays has said it wrote off the remaining debt in 2021.

In May 2025, Mr M complained to Barclays saying it had treated him unfairly by lending to him irresponsibly. He explained at the time of the lending he had other debts, was utilising short term lending and had a gambling addiction.

Barclays considered Mr M's complaint, but it said he had complained too late for it to consider the lending decisions. It then went on to confirm that it felt the checks it completed were proportionate and it didn't agree it had acted unfairly.

Mr M didn't accept Barclays's response, so he referred his complaint to our service. One of our investigators looked into it, but based on the evidence available, our investigator didn't uphold the complaint. She said whilst we did have the power to look into the lending decisions, she couldn't reasonably conclude that the lending was irresponsible, or the relationship was unfair.

Mr M didn't accept what our investigator said and felt the checks Barclays completed before lending didn't go far enough. So, he asked for a second opinion. 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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Barclays thinks this complaint was referred to us too late. Our investigator explained why she didn't, as a starting point, think we could look at a complaint about the lending decisions that happened more than six years before the complaint was made. But she also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974 (s.140), and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mr M says the lending given to him was unaffordable leading to financial difficulties and bankruptcy and that this may have made the relationship unfair. I

acknowledge Barclays still doesn't agree we can look at this complaint, but given the outcome I have reached, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Mr M's complaint can be reasonably interpreted as being about the fairness of his relationship with Barclays, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974.

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Barclays) and the debtor (Mr M), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant, including:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed, requiring a refund, or to do or not do any particular thing.

Given what Mr M has complained about, I need to consider whether Barclays' decision to lend to him, or its later action or inaction, created unfairness in the relationship between him and Barclays such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness. Mr M's relationship with Barclays is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

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 Mr M was in a position to sustainably repay the credit?
- 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 Mr M in some other way?

Barclays had to carry out reasonable and proportionate checks to satisfy itself that Mr M would be able to repay the credit sustainably. It's not just about Barclays assessing the likelihood of Mr M being able to repay the credit, but it had to consider the impact of the repayments on him.

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 credit, the amount of the monthly repayments and the cost of the credit.

Barclays has explained that it carried out a full credit search to get an understanding of Mr M's situation before it decided to lend to him. Barclays has shown this revealed he had no

recent adverse information on his credit file and had been managing his existing credit well. It acknowledged there had been a default 70 months before this lending and it factored this into its decision making. Mr M had a relatively low amount of debt and didn't appear to be over indebted in any way.

It appears the historic data didn't prevent Barclays from lending to Mr M, and I don't think this is unreasonable. I say this because records from this long before a potential lending decision, don't normally provide an accurate reflection of an individual's current circumstances. So, although Barclays factored the default into its lending decision it's reasonable for this to carry less weight than more recent data.

I appreciate Mr M has said that at the time of the lending he had recently come out of an IVA, had missed payments to other creditors and was struggling both financially and personally. But unfortunately, this isn't reflected in the information that was provided to Barclays when it completed its checks at the time of the lending. Whilst I don't doubt Mr M was having a difficult time and I'm sorry to hear this, Barclays was entitled to rely on the information it received from the credit reference agencies. Having reviewed this there was no indication of recent financial difficulties or a previous IVA. So, it wouldn't be reasonable or fair for me to say, it should have done something differently based on information it reasonably didn't have at the time.

Barclays has said Mr M told it his annual income was around £19,500 but I can't see that it verified this. Looking at the regulations in place at the time of the lending, there was no obligation on Barclays to verify Mr M's income, and it was entitled to rely on the information he supplied.

Barclays applied estimates for Mr M's regular essential living expenses using data from the Office for National Statistics (ONS), which is an approach it's allowed to take under the relevant lending rules. Based on its calculations Barclays found that Mr M would have a reasonable level of disposable income after taking account of rent, other essential living expenses, repayments to other debt, and repayments to the credit card. Based on this the lending appeared affordable. Having reviewed the information available, I can't see anything to suggest that Barclays needed to complete further checks, such as reviewing bank statements as Mr M has suggested. I also can't see any indications that Barclays should reasonably have refused to lend to Mr M.

In summary, given the information available, there was nothing to suggest Mr S was likely to be unable to sustainably repay what he was being lent. So, I'm not satisfied that further checks would have been required or that the decision to approve the lending was unreasonable.

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

Initially Mr M was able to make significant overpayments to the account. However, By January 2019 he was over the agreed limit and began incurring charges. Barclays addressed this on his statements and asked him to bring the account within its limits. But things appeared to deteriorate further when it seems Mr M was no longer able to make payments to the account from April 2019. As a result of this Barclays wrote to Mr M requesting payment of the arrears, offering support, and letting him know what would happen if payment wasn't made. I can't see that Mr M asked Barclays for support during this time and the account was defaulted and terminated in July 2019. Following Mr M's bankruptcy Barclays wrote off the remaining debt in 2021. This is broadly in line with what I would expect to see in these circumstances, and I haven't seen any other evidence that Barclays has treated Mr M unfairly in some other way.

Overall, and based on the available evidence I'm not persuaded that Barclays has acted unfairly in this case. It's not clear enough to me that Barclays created unfairness in its relationship with Mr M, and I don't think Barclays treated Mr M unfairly in any other way either based on what I've seen.

### **My final decision**

My final decision is that I don't uphold Mr M's complaint about Barclays Bank UK PLC trading as Tesco Bank for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 March 2026.

Charlotte Roberts  
**Ombudsman**