

Complaint

Miss P has complained about a personal loan Marks and Spencer Financial Services PLC (trading as “M&S Bank”) which she says was irresponsibly provided to her.

Background

M&S Bank provided Miss P with a loan for £20,000.00 in July 2025. This loan had an APR of 13.9%, interest, fees and charges of £7,367.59 and a 60-month term. So the total amount payable of £27,367.59 was due to be repaid in a first monthly instalment of £456.52 followed by 59 monthly instalments of £456.12.

One of our investigators reviewed what Miss P and M&S Bank had told us. She thought that M&S Bank hadn’t done anything wrong or treated Miss P unfairly when it provided this loan and so didn’t recommend that the complaint be upheld.

Miss P disagreed and asked for an ombudsman to review the 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.

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 Miss P’s complaint.

Having carefully considered everything, I’m not upholding Miss P’s complaint. I’ll explain why in a little more detail.

M&S Bank needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that M&S Bank needed to carry out proportionate checks to be able to understand whether Miss P could afford to make her repayments 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 provide loans to a customer irresponsibly.

M&S Bank says it approved Miss P’s application after she provided details of her monthly income. Miss P’s declaration of income was cross-checked against information provided by credit reference agencies on the funds going into her main bank account each month. M&S

Bank also says it estimated Miss P's expenditure using statistical data. Furthermore the credit search it carried out showed Miss P's existing commitments were relatively well maintained at the time.

In M&S Bank's view all of the information it gathered showed that Miss P could afford to make the repayments she was committing to.

On the other hand, Miss P has said she already had a lot of debt and so she couldn't afford this loan.

I've carefully thought about what Miss P and M&S Bank have said.

In the first instance I think that it is worth me saying that as M&S Bank asked Miss P about her income and also carried out a credit check and other electronic checks on her income, it's clear that this wasn't a case of M&S Bank failing to carry out any checks at all before lending. Indeed, it seems to me that M&S Bank did obtain a reasonable amount of information before it decided to proceed with Miss P's application.

Having looked at the credit check, it's clear that Miss P had some existing debts. However, while I accept that Miss P might not agree with this, I don't think that these were excessive in comparison to her income. Bearing in mind the income and expenditure information M&S Bank had, there is a reasonable argument for saying that its checks were reasonable and proportionate here.

This is especially as a lender is permitted to use statistical data to calculate a potential borrower's expenditure and the actual data that M&S Bank gathered about Miss P's circumstances, didn't obviously suggest that she fell outside the profile of the average borrower either.

However, for the sake of completeness, I would also add that even if I were to agree that M&S Bank ought to have done more here, the absolute most I would have expected it to do was find out more about Miss P actual regular living costs, rather than rely on statistical estimates. And I've not seen any persuasive evidence that M&S Bank doing this for Miss P's application would have shown it that this loan was unaffordable.

The information I've been provided with does not show me that Miss P's actual living costs made this loan unaffordable. I accept that there is some suggestion that Miss P's actual circumstances may have changed in the period after she was provided with this loan. But M&S Bank wouldn't have known if Miss P's circumstances would change and it could only make a decision based on the information it had.

I don't think that there was anything in the information that it gathered, or that it ought reasonably to have known, about Miss P which meant it ought to have anticipated that her circumstances would change for the worse after she took out this loan. So while I'm sorry to learn of Miss P's difficulty making the payments to this loan, I'm satisfied that M&S Bank didn't treat her unfairly or unreasonably when agreeing to lend to her.

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

However, for the reasons I've explained, I don't think M&S Bank irresponsibly lent to Miss P or otherwise treated her 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. I'm therefore not upholding Miss P's complaint.

I appreciate this is likely to be very disappointing for Miss P – as she clearly feels strongly about this matter. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Miss P's complaint, I would remind M&S Bank of its obligation to exercise forbearance and due consideration, given what Miss P has now said about her position, should she be experiencing financial difficulty making her payments going forward when collecting these payments from her.

My final decision

For the reasons I've explained, I'm not upholding Miss P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 13 March 2026.

Jeshen Narayanan
Ombudsman