

The complaint

Barclays Bank UK PLC (Barclays) provided Mr B with some loans. Mr B says these loans were provided irresponsibly.

What happened

Some information about the loans is shown below:

- In July 2023 Barclays lent £3,000 to Mr B. The loan had a term of 36 months and the repayments were £118.87.
- In November 2023 Barclays lent £7,500 to Mr B. This loan had a term of 36 months and the repayments were £211.87.
- In July 2023 Barclays lent £17,000 to Mr B. The loan had a term of 36 months and the repayments were £458.85.

Barclays says that loans 2 and 3 were 'top up' loans and they repaid the previous lending. Mr B has had problems repaying loan 3, and I've seen a notice of default has been sent for this loan. I understand a third party now owns the debt.

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 considered everything, I'm upholding Mr B's complaint. I'll explain my reasoning below.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mr B's case.

I've decided the loans weren't provided fairly because:

- I don't think the checks Barclays did before providing the credit were reasonable and proportionate, given the loans it offered and what it knew about Mr B's financial situation.
- Barclays has said that it used Mr B's declared monthly income of about £1,800 per month to assess the lending. Mr B didn't say what he spent each month, but Barclays said in response to the complaint that it used very low expenditure amounts, that is below £100. But it's also said that it 'modelled' Mr B's expenditure using, as I understand it, statistical information and information from his credit report. It's provided some further information about this.
- This further information shows that Mr B didn't have much other credit and there was

no history of repayment problems. Before loan 1, Barclays worked out that he had around £250 of disposable income after the new loan repayments, for loan 2 this was around £100. The disposable income calculation was just under £200 for loan 3. But Mr B's situation hadn't changed, and it seems like the increased repayments for loan 3 were only affordable because the amount Barclays allocated to rent was reduced.

- So, I don't think it's clear that Barclays established that any of the lending was affordable. It's based its calculations on very little actual, or verified, information. And some of its assessments seem to show the lending was unaffordable, or close to being unaffordable in any event. Given all of this, I think there is sufficient uncertainty to say that Barclays should have looked in more detail at Mr B's circumstances to determine if he could afford the loans. And it should have done this right from the start of the lending relationship.
- As our Investigator said, Barclays did have further information about Mr B's circumstances as he had a current account with it. Barclays provided Mr B's current account details in its complaint submission. Clearly looking at this kind of information, and in this detail, may not always be proportionate. But in this case, I think it's reasonable to say it could, and should, have considered what was in his banking information before lending.
- Our Investigator has calculated from the banking information that Mr B's income was around £2,050 a month over the period before the loans started to be approved. They also show that he paid his share of the household bills to his partner, and this was around £1,850 a month. He would also have other discretionary expenditure on top of this. No party to the complaint has said these amounts are incorrect, and they do show that all the lending was likely to be unaffordable.
- So, based on the information I have, I think Barclays should have realised Mr B was likely to be unable to sustainably repay what he was being lent.
- Barclays has said that it was reasonable to rely on Mr B's information, or its modelled amounts. And it was reasonable to process Mr B's application without asking for or looking at further information. I don't agree with this as I've said above, and particularly as Barclays had access to other information that showed this to be incorrect. I don't think Barclays has demonstrated that Mr B's repayment problems were solely due to a change in his circumstances.

This means I don't think Barclays should have provided the loans to Mr B.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr B in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

Barclays shouldn't have given Mr B these loans. Mr B has had use of the money he borrowed so he should pay this back, but he shouldn't pay any interest or charges on the amounts he borrowed.

If Barclays has sold the outstanding debts Barclays should buy these back if it is able to do so and then take the following steps. If Barclays cannot buy the debts back then it should liaise with the new debt owner to achieve the results outlined below

Barclays should calculate:

- Any remaining capital value from Loans 1 and 2 was transferred to the subsequent loans. So, Barclays should determine the amount of interest that was applied to loans 1 and 2.
- The total amount of money Mr B has paid to loan 3, this should include any amounts to any third parties.

The total of these should be deducted from the amount Mr B borrowed in loan 3 (before any interest or charges are added). And the following calculation then performed:

- a) If the amounts above are greater than the amount Mr B borrowed for loan 3, then any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement).†
- b) If a capital balance remains outstanding on loan 3 after this calculation, then Barclays should arrange an affordable and suitable payment plan with Mr B.
- c) Barclays should remove any adverse information from Mr B's credit file up to the point of the outstanding amount is recalculated. But if Mr B still owes amounts to Barclays the information reported on the credit file should reflect this and what he is repaying to Barclays.

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

My final decision

My final decision is that I'm upholding this complaint and Barclays Bank UK PLC must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 March 2026.

Andy Burlinson
Ombudsman