

## **The complaint**

Miss J complains that Barclays Bank UK PLC (Barclays) lent to her irresponsibly.

## **What happened**

Miss J took out a loan with Barclays on 12 September 2019. This was for the consolidation of an existing loan and overdraft. The loan was to be repaid over 102 months with monthly payments of around £240. The loan was given to Miss J interest free as a way to reduce her monthly outgoings and help with her financial difficulties because of a change in her circumstances.

On 17 September 2025, Miss J complained to Barclays saying it had lent to her irresponsibly and failed to consider her circumstances properly at the time of the lending. She's said this caused her financial difficulty.

Barclays looked into Miss J's complaint and said it felt it had acted fairly in providing the consolidation loan as a way to support Miss J with her financial situation. It also told this service that Miss J had brought her complaint out of time. So, in summary it didn't agree it had acted unfairly.

Miss J didn't accept what Barclays said and referred her complaint to our service. One of our investigators looked into it. She explained that as the loan was interest free there was no potential loss to Miss J so even if we did agree Barclays had done something wrong there would be no redress to be paid. Ultimately she said she didn't think Barclays had acted unfairly.

Miss J rejected the investigators view and argued that she shouldn't have been given the loan. 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.

I think it would be helpful for me to say here that as Miss J has only complained about the loan given in 2019, I am only considering that loan in this decision. I can also see that since raising this complaint Barclays has applied a default to the loan. Miss J has explained she's unhappy with this and doesn't think Barclays have acted fairly. However, as this took place after Miss J's complaint to Barclays, it hasn't yet had an opportunity to respond to a complaint about whether the default has been accurately recorded. It also hasn't consented to this service considering a complaint about the default before it's had a chance to look into things. Given this I won't be able to comment further on whether the default has been accurately and so fairly applied. Should Miss J remain unhappy she will need to discuss this directly with Barclays. It should be noted however that neither Barclays or this service will re-examine whether the lending decision for this loan was fair as part of a complaint about the default.

There are also 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. I say this because Miss J says the lending was unaffordable, and this may have made the relationship unfair as Miss J says she was already struggling financially at the time of the lending. 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 this complaint can be reasonably interpreted as being about the fairness of Miss J's 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 (Miss J), 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 this complaint is about, I need to consider whether Barclays's decision to lend to Miss J, or its later action or inaction, created unfairness in the relationship between her 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. Miss J'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, this caused Miss J a loss, and if Barclays didn't then remove the unfairness this created somehow.

We've set out our general approach to complaints about unaffordable and irresponsible lending, including the key rules, guidance and good industry practice, on our website. And I've referred to this when considering Miss J's complaint.

When we uphold a complaint about irresponsible lending, we generally say that the bank is entitled to repayment of the amount borrowed. This is because the customer has had the use of the money to pay off other debt, or to acquire goods and services that they felt they wanted or needed. But we wouldn't agree it's fair for the bank to profit from lending that was

provided irresponsibly, so to put things right we would tell the bank to refund any interest and charges applied to the amount borrowed.

Barclays offered Miss J a consolidation loan of £24,500 to pay off another loan she had with it and her Barclays overdraft. This loan was given on an interest free basis. It appears that after taking a loan for £24,200 in 2018, Miss J ran into some financial difficulties, when it took longer than anticipated to find a job on her return from the USA. I can see that Miss J told Barclays she was actively looking for employment and had interviews lined up. She was in receipt of benefits and whilst she was unable to maintain the full repayment, she was keen to avoid a default being applied to the 2018 loan and the implications that came with this. So, as a way to help her Barclays agreed an interest free loan to pay off the outstanding amount on the 2018 loan and to repay Miss J's overdraft.

I can see that prior to agreeing this loan Barclays set up a three-month payment plan on the 2018 loan of around £221, to ensure Miss J could afford the repayments to the interest free loan. Miss J demonstrated that she was able to maintain those payments and so Barclays provided the interest free loan.

Barclays hasn't been able to provide this service with all the evidence of the checks it completed when it agreed this loan. But I can see that after going through an income and expenditure with Miss J on the phone it was able to establish that, Miss J wasn't responsible for any priority bills, such as rent or utilities and she had a disposable income of at least £250 a month, not accounting for money being paid to her by family and friends. So, on balance given the success of the previous repayment plan and Miss J's disposable income, I haven't seen anything to suggest she was unable to afford the repayments. Even if I were to find that loan was unaffordable, the way I would ask Barclays to put this right would be to refund any interest and charges applied to the loan. In this case there have been no interest and charges applied to the loan. So even if Barclays had lent irresponsibly to Miss J, there would be no redress due.

It seems here that Barclays supported Miss J in the way she had asked it to when she ran into financial difficulties. This was at no cost to Miss J and allowed her to avoid defaulting on the 2018 loan. From what I've seen, I'm not persuaded Barclays acted irresponsibly in lending to Miss J in 2019.

Miss J was able to maintain repayments to the loan until 2025, when the account defaulted. But as I've said, this didn't form part of Miss J's original complaint to Barclays and so I can't comment on this further.

In summary and based on the available evidence, it's not clear enough to me, that at the time Miss J made this complaint, Barclays had created unfairness in its relationship with her when granting her this interest free loan.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Barclays treated Miss J unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I don't uphold this complaint for the reasons set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 15 May 2026.

Charlotte Roberts  
**Ombudsman**