

## **The complaint**

Mr P complains that TSB Bank plc lent irresponsibly when it approved his credit card application.

## **What happened**

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

*Mr P applied for a TSB credit card in March 2020. In his application, Mr P confirmed he was self employed with an income of £30,000. Mr P also said he was renting his home for £500 a month and had essential living expenses of £200. TSB completed a credit search, credit scoring process and affordability assessment. TSB went on to approve Mr P's application and issued a credit card with a limit of £9,350.*

*More recently Mr P complained that TSB lent irresponsibly and it issued a final response. TSB said it had carried out the relevant lending checks before approving Mr P's application and didn't agree it lent irresponsibly.*

*An investigator at this service looked at Mr P's complaint. They weren't persuaded TSB completed proportionate checks before approving Mr P's application. The investigator reviewed Mr P's bank statements for the months immediately before his application to TSB but felt they showed he was able to sustainably afford repayments to a new credit card with a limit of £9,350.*

*Mr P asked to appeal and said his income was made up of a mix of self employed income, benefits and carer's allowance. Mr P also said TSB failed to complete the relevant lending checks before approving his application. Mr P added his current account was frequently overdrawn and that he had a substantial amount of other credit, including a new £5,000 loan that was taken out shortly before his application was made. As Mr P asked to appeal, his complaint has been passed to me to make a decision.*

## **What I've provisionally 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.*

*Before agreeing to lend, the rules say TSB had to complete reasonable and proportionate checks to ensure Mr P could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:*

- The amount of credit;*
- The total sum repayable and the size of regular repayments;*
- The duration of the agreement;*
- The costs of the credit; and*
- The consumer's individual circumstances.*

*That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.*

*TSB has provided details of the information Mr P submitted in the application including his income of £30,000 a year, rent of £500 and essential spending of £200 a month. TSB has also supplied a copy of the application data it used. But I wasn't able to see anything that shows what TSB saw when it checked Mr P's credit file. And there's nothing to show what any affordability assessment completed by TSB concluded.*

*Mr P has provided a full copy of his credit file. As the TSB credit card was opened in March 2020, the information included on Mr P's current credit file isn't the same. But I can see Mr P had a reasonably large level of borrowing already in March 2020. And, in addition to his existing debts, I think it's fair to say the new credit card limit of £9,350 was reasonably significant. Taking everything I've seen together, I haven't been persuaded TSB completed proportionate checks. I think there were grounds for a more detailed assessment and that it would've been appropriate for TSB to get a clearer picture of Mr P's circumstances before deciding whether to lend. One option would've been to review Mr P's bank statements for the preceding months. That's the approach I've taken.*

*I know our investigator felt Mr P's bank statements showed he had sufficient funds available to sustainably afford repayments to a new credit card with a limit of £9,350 but I didn't find that to be the case. I found Mr P's income was variable due, in part, to his self employed income. I also note that much of Mr P's income was made up of benefits, including carer's allowance. I think Mr P makes a reasonable point when he says part of that income is specifically intended to be used to care for dependents.*

*For the purposes of this assessment I used all of Mr P's income sources (including his carer's allowance). I found Mr P had an average total income of £2,472 a month. I looked at Mr P's outgoings for items like his rent, existing debts, utilities, insurance, communications, supermarket shopping and fuel. Across two current accounts, I found Mr P's average outgoings were around £2,387 a month. That left very little by way of disposable income – around £85.*

*If Mr P were to have borrowed to the full credit limit of £9,350 and made monthly repayments of 5% they would've come to £467 a month. That figure is substantially higher than the £85 Mr P had remaining.*

*I also note Mr P took out a new loan for £5,000 with another lender in February 2020, just a month before his TSB application was made. I think this adds weight to Mr P's view that he wasn't borrowing in a sustainable way and that his debts were increasing to a point they were unmanageable.*

*Based on the information provided and for the reasons I've given above I haven't been persuaded TSB completed proportionate checks. And I think that a more detailed set of lending checks would most likely have shown TSB Mr P wasn't in a position to sustainably afford repayments to a new credit card with a limit of £9,350. As a result, I intend to uphold Mr P's complaint and direct TSB to refund all interest, fees and charges applied to his credit card from the date of approval.*

I invited both parties to respond with any additional information or comments they wanted me to consider before I made my final decision. Mr P responded to confirm he accepts the conclusions reached in the provisional decision.

TSB didn't accept and said it disagreed with the assessment I'd reached of Mr P's income. TSB said it was reasonable to use the carer's allowance for lending purposes. TSB also said it's unreasonable to expect it to complete a detailed manual review against all applications. TSB added that it would expect a consumer to borrow money they can't afford to repay.

### **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've considered TSB's response but haven't been persuaded to change the conclusions reached in my provisional decision. I'll explain why.

My provisional decision didn't say TSB should complete a detailed, manual review of all applications. My decision related solely to Mr P's account and the specific circumstances of his application. I've already explained why I felt additional checks were required that went above the automated process TSB followed. I haven't seen anything in TSB's response that provides a reasonable argument against those conclusions. TSB will already be aware that there are circumstances where it isn't reasonable to solely rely on an automated application process.

TSB's response advises it would've been reasonable to use Mr P's carer's allowance in an affordability assessment. But the provisional decision explains that whilst I had some concerns over whether it's reasonable to use the carer's allowance, I included it in Mr P's monthly income figures. Even including the carer's allowance, I didn't find the new credit card to be affordable for Mr P.

TSB's response to the provisional decision appears to suggest Mr P inflated his income. I didn't make that point in my provisional decision nor have I found evidence to support that claim. Mr P said he had an annual income of £30,000. When I looked at Mr P's bank statements, I found he had an average monthly income of £2,472. On an annual basis, that comes to £29,664. It appears to me that Mr P gave an accurate overall level of his income when completing the application.

TSB's response indicates Mr P shouldn't have applied for credit he couldn't afford to repay. But that response feels somewhat heavy handed. Ultimately, whilst I accept Mr P needed to think about whether a new credit card was affordable, it's up to TSB to complete proportionate checks to ensure new credit is sustainable.

For the reasons I've given in my provisional decision and above, I haven't been persuaded TSB lent responsibly to Mr P in this case. I've considered TSB's response to my provisional decision but haven't been persuaded to change my view of Mr P's complaint. I still think Mr P's complaint should be upheld, for the same reasons.

### **My final decision**

My decision is that I uphold Mr P's complaint and direct TSB Bank plc to settle as follows:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied.

- If the rework results in a credit balance, this should be refunded to Mr P along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. TSB should also remove all adverse information regarding this account from Mr P's credit file.
- Or, if after the rework there is still an outstanding balance, TSB should arrange an affordable repayment plan with Mr P for the remaining amount. Once Mr P has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

\*HM Revenue & Customs requires TSB to deduct tax from any award of interest. It must give Mr P a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 March 2026.

Marco Manente  
**Ombudsman**