

The complaint

Mr H complains that Barclays Bank UK PLC trading as Tesco Bank lent irresponsibly when it approved his loan application.

What happened

Mr H applied for a £12,000 loan plus interest with Tesco Bank in September 2024. In his application, Mr H said he was employed and gave his income. Mr H also said he was a tenant.

A credit search was completed that found unsecured debts totalling around £2,000. Mr H's application also said he had a loan of £21,681 and monthly repayments of £640 and a credit card with a balance of £5,000. No adverse credit, defaults or recent missed payments were noted on Mr H's credit file.

Following an affordability assessment and credit scoring process Mr H's application was approved. Mr H has explained that in May 2025 he entered a Debt Management Plan (DMP) as his unsecured debt payments weren't sustainable.

More recently, Mr H complained that Tesco Bank lent irresponsibly and it issued a final response. Tesco Bank said it completed the relevant lending checks before approving Mr H's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr H's complaint. They thought Tesco Bank completed proportionate checks before approving Mr H's application and its decision to lend was reasonable based on the information it obtained.

Mr H asked to appeal and said his outstanding debts were significantly higher than the figures found on his credit file and used by Tesco Bank. Mr H provided screen shots showing how his unsecured debts had changed over time. Mr H explained that due to the way he moved funds around, his credit file wasn't accurate. Mr H also said recent borrowing wouldn't have shown on his credit file when his application to Tesco Bank was made. As Mr H asked to appeal his complaint has been passed to me to make 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.

Before agreeing to lend, the rules say Tesco Bank had to complete reasonable and proportionate checks to ensure Mr H 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.

In Mr H's application he confirmed his income and Tesco Bank used a service known as CATO that monitors current account turnover to verify the figure provided. As Mr H's income was verified via CATO and matched the details he provided, I'm satisfied it was reasonable for Tesco Bank to use it in the application.

Mr H's credit file found unsecured debts totalling £2,000. But in his application, Mr H confirmed he had other debts including a loan with monthly payments of £640 and credit card with a balance of £5,000. Tesco Bank took the debts found on Mr H's credit file in addition to those included in his application into account when completing its affordability assessment.

I note there was no adverse credit or recent missed payments found on Mr H's credit file. In my view, the information obtained indicated Mr H was in a stable financial position at the point of application.

The affordability assessment took Mr H's income and unsecured repayments into account. Tesco Bank also used estimates for Mr H's rent and general living expenses – an approach its able to take under the relevant lending rules. The affordability assessment reached the view Mr H's income was more than sufficient to sustainably cover his existing outgoings and new loan payments of £271.80 a month. I think the affordability assessment's conclusions were reasonable based on the information obtained.

I've considered the available information but haven't seen details I think should've led Tesco Bank to reach the view Mr H was struggling or overcommitted. In my view, the level and nature of Tesco Bank's checks were proportionate to the loan Mr H applied for. And I'm satisfied the decision to approve Mr H's application was reasonable based on the information Tesco Bank obtained. I'm very sorry to disappoint Mr H but I haven't been persuaded Tesco Bank lent irresponsibly when it approved his loan application.

I understand Mr H's circumstances may have differed from the conclusions reached by Tesco Bank following its lending checks. But I need to consider the information Tesco Bank obtained at the point of application, not with the benefit of hindsight. And, for the reasons I've given above, I'm satisfied the decision to approve Mr H's loan application was reasonable based on the information Tesco Bank obtained.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Tesco Bank lent irresponsibly to Mr H or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr H's complaint.

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

Marco Manente
Ombudsman