

## **The complaint**

A company, which I will refer to as T, complains that Barclays Bank UK Plc declined its loan application without properly explaining why it had done so.

Mr R, who is a director of T, brings the complaint on T's behalf.

(I acknowledge that Mr R has other concerns about Barclays, but this decision is solely about Barclay's decision to decline T's loan application and the customer service associated with that decision.)

## **What happened**

Mr R told us:

- In October 2025 he discussed applying for a Barclays Business Loan for T. Barclays told him the loan had "pre-approved" status but was still subject to further checks.
- Barclays then declined T's application. The bank initially told him the reason for the decline was that there was "something" on his credit file, without specifying what that something was. But there are no adverse markers on his credit file. Barclays directed him to investigate a non-existent problem, wasting time and causing stress.
- Some months later the bank told him that the actual reason for the decline was that T didn't meet the bank's lending criteria or risk appetite. The Standards of Lending Practice require business customers to be provided with the primary reason, in writing, as to why their application was declined. Barclays has still not done that. "Lending criteria" and "risk appetite" are two separate potential grounds and are inherently non-specific.
- Barclays refused his subject access request (SAR) for call recordings, incorrectly claiming that the recordings were not personal data. That issue is subject to a separate complaint.
- Barclays' final response was inadequate, incomplete, and minimised serious issues.

Barclays told us:

- It accepts that the customer service it provided to T was poor. It originally offered £75 in compensation, later increased to £200 following correspondence with one of our investigators.
- However, it maintains that it was correct to decline T's application, which did not meet its lending criteria or risk appetite.

One of our investigators thought Barclays' offer of £200 was fair in the circumstances. Mr R did not agree, so the matter was referred to me.

## **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 done so, whilst I am sorry to further disappoint Mr R I agree with our investigator's conclusions. I will give more details below.

In considering what is fair and reasonable in all the circumstances of this case, I am also required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The loan Mr R applied for on T's behalf was an unregulated loan, meaning that the Financial Conduct Authority's (FCA's) rules on regulated lending do not apply. However, I have taken into account The Standards of Lending Practice for business customers, which I consider represent good industry practice. The Standards say:

“If an application for a product is declined, the firm should ensure that it understands the reason(s) behind it in order to be able to convey, where appropriate, this information to the customer. As a minimum, the customer should be provided with the primary reason in writing as to why they have been declined.”

In this case, it is common ground that Barclays' customer T was not initially given the primary reason why its application had been declined. Mr R was given a reason – that the decline was related to something on either his or his company's credit file – but in light of the information Barclays later provided I am satisfied that the decline was not in fact because of information on a credit file. Instead, the decline was because the application did not meet Barclays' lending criteria or risk appetite.

I acknowledge that Mr R is not satisfied with the reason Barclays has given, which he considers is much too broad. But my opinion is that Barclays' reason is sufficient, and I am not going to order it to provide Mr R with any further detail.

I appreciate that “lending criteria” and “risk appetite” are not the same thing, but I consider they are closely related. All banks will have lending criteria, and those criteria will be informed by the bank's risk appetite.

Barclays has provided additional evidence to me. The rules of the Financial Ombudsman Service allow me to accept information in confidence where I consider it appropriate to do so (see [DISP 3.5.9R](#)). In this case, I don't think it would be appropriate for me to disclose the information Barclays has provided about its lending criteria and risk appetite. But I will say that having considered Barclays' evidence, I am satisfied that T's application did indeed fall outside the bank's lending criteria and risk appetite.

In view of the above, I consider that Barclays' lending decision was fair. I realise T and Mr R were later able to borrow from another lender (albeit at a higher interest rate), but different lenders have different lending criteria and risk appetite. There is nothing wrong in that. The fact that one lender chooses to lend and another refuses does not imply that either lender made a mistake; it may simply mean that the two lenders have different eligibility criteria.

The SAR issue is subject to a separate complaint, and so I will not comment on it here. But setting aside whether Mr R was technically entitled to make a SAR on T's behalf, he was certainly entitled to ask Barclays for information about T. As a matter of good customer service, my view is that the bank should have provided Mr R with the telephone recordings

he was looking for earlier than it did. I note the bank accepts that it could have provided them earlier.

Overall, I consider Barclays' customer service in respect of T's loan application was poor. The bank initially gave Mr R the wrong information about why it had declined T's loan application, and it told Mr R it would not provide the recordings he had requested only to later change its mind.

Our investigator thought £200 represented fair compensation for the poor customer service. Mr R strongly disagreed. His view is that £200 "is not in line with [the Financial Ombudsman Service's] guidance based on the severity of my case".

Mr R says T suffered significant financial loss because of Barclays' error, because he says the error forced T into "higher-cost, reactive funding arrangements". But I do not agree. Barclays was entitled to choose not to lend to T, and I don't think it would be fair for me to hold Barclays' responsible for the costs T (or Mr R) incurred in borrowing from other lenders. I don't think Barclays' poor customer service forced T to borrow from one alternative lender rather than another.

I now turn my attention to non-financial loss. We publish information about our awards for non-financial loss on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

The entity applying for the loan here was T, not Mr R as an individual. That means I can only award compensation to T. As a corporate body, T is not capable of suffering distress (or any other emotion). That means I cannot make an award for any distress suffered by anyone as a result of Barclays' poor customer service, and in particular I cannot make an award for the way Mr R was personally treated.

I can make an award for inconvenience. Mr R considers that our guidance supports an award for £1,000, but I disagree. I am not making an award for Barclays' decision to decline T's lending application, because I think Barclays was entitled to make the decision it made. My award is for Barclays' poor customer service, and in particular its initial suggestion that the reason for the decline was based on "something" on a credit file.

Barclays' mistake in giving Mr R the wrong explanation for the decline, as well as its later delay in providing him with the information he had reasonably requested on T's behalf, undoubtedly caused T inconvenience. I would describe Barclays' poor customer service as representing repeated small errors which required a reasonable effort to sort out, and which resulted in an impact that lasted some weeks. Looking at what happened, considering our guidance, and applying my own judgement, I consider that a payment of £200 to apologise for those mistakes is fair.

### **My final decision**

My decision is that I order Barclays Bank UK Plc to pay T £200 to apologise for its poor customer service. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 21 May 2026.

Laura Colman  
**Ombudsman**