

complaint

Mr A complains that Barclays Bank Plc gave him a loan irresponsibly as it is unaffordable and he now has financial difficulties.

background

Mr A applied for a loan from Barclays in November 2013. He says it was unaffordable and relevant checks were not carried out. He says he is a gambler and also suffers from mental health problems. He does not have enough income to repay the loan as he is in receipt of benefits and feels it was irresponsible to lend to him.

Barclays says the loan application passed its affordability checks at the time. It was based upon account information that it already held for Mr A and also the information provided by Mr A as to his income and expenditure.

Barclays says there was no evidence that it was made aware of Mr A's gambling addiction or of any mental health issues. It says it does not discriminate against customers who are on benefits, it will consider the income of the applicant and Mr A had a number of large payments made into his account before he applied for the loan. It did not agree that the loan was mis-sold.

Our investigator felt that on the evidence Barclays provided to this service the loan was unaffordable and recommended that:

- The loan entry should be removed from Mr A's credit file
- Any interest and charges that have been accrued as a result of the loan should be written off/removed from the amount still owed.
- A repayment arrangement should be put in place based on Mr A's ability to repay.

Barclays accepted that although Mr A had declared an income it did not have any evidence to support the figures and as Mr A had only made 3 repayments it accepted the investigator's view to refund the interest on the loan and put a new repayment arrangement in place based upon Mr A's ability to repay.

Barclays did not agree that the entry should be removed from Mr A's credit file as he had benefitted from the funds and to remove the entry would suggest he had never had the loan. It felt that this would allow Mr A to apply for further credit which he could not afford.

Mr A accepted the investigator's view but also wanted compensation for distress and inconvenience, which the investigator did not feel was appropriate.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Barclays has accepted that it did not get enough evidence about Mr A's income. It has agreed to refund the interest on the loan and put a new repayment arrangement in place based upon Mr A's ability to repay.

I agree with the investigator that it should also remove the loan entry from Mr A's credit file as the simple fact remains that the loan shouldn't have been given in the first place.

But Mr A did have the benefit of the money he borrowed. So, I agree with the investigator that it's fair that he repays it and I can't fairly or reasonably require Barclays to pay Mr A compensation as he would like. But Barclays must continue to treat Mr A positively and sympathetically whilst he remains in financial difficulties. And Mr A should also continue to cooperate with it by regularly providing information about his current financial situation.

my final decision

I uphold this complaint and I require Barclays Bank Plc:

1. To remove the loan entry from Mr A's credit file
2. To write off all interest and charges that have accrued on the loan and from the amount still owed.
3. To put in place a repayment arrangement based on Mr A's ability to repay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 April 2017.

Geraldine O'Donnell
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