

complaint

Mrs M complains that Barclays Bank UK PLC was irresponsible in its lending to her.

background

Mrs M took out a loan with Barclays in January 2019 which she applied for online. She says she has a gambling problem and that following significant losses she applied for the £50,000 loan. Mrs M says that the loan was too easy to take out and within minutes the money was in her account. She says that she lost the money gambling and now can't afford the repayments.

Mrs M says that Barclays was irresponsible lending the amount it did to her based on her income and her other debts.

Barclays says that Mrs M's income and expenses showed she had sufficient disposable income to make her monthly repayments. It says that when the loan was provided, Mrs M hadn't told it about her gambling and that having reviewed her account only limited gambling was found which wouldn't have been enough to raise concerns. It didn't accept that the loan was provided irresponsibly.

Our investigator said that there was no evidence that Barclays was aware of Mrs M's gambling when the loan was provided. He noted the affordability checks that were carried out and thought a credit check should have also taken place. However he didn't find that this would have changed the decision in regard to the loan. Because of this he didn't uphold this complaint. He noted that Mrs M was now on a repayment plan which he thought showed Barclays had acted positively and sympathetically towards her.

Mrs M didn't accept our investigator's view and asked for her complaint to be passed to an ombudsman.

my findings

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

Mrs M applied for a £50,000 loan in January 2019. At this time she hadn't told Barclays that she had an issue with gambling. Therefore I have considered whether, based on the information available to Barclays at that time, it should have been reasonably aware of Mrs M's gambling problem. I have also considered if the affordability checks were sufficient to ensure Mrs M could make the repayments due in a sustainable way.

I have looked through Mrs M's bank statements for the months leading up to when the loan was taken out. While there are records of gambling in the months up to January 2019, these tend to be for small amounts and are irregular therefore I don't think it unreasonable that these didn't get raised as a concern.

The substantial amounts spent on gambling didn't take place until shortly before the loan was provided. Given the timing I accept that this information wouldn't have been available to influence the decision regarding Mrs M's loan.

Based on the information available, I don't think it unreasonable that when the loan was applied for, Barclays was unaware of Mrs M's issue with gambling.

The second part of this complaint relates to whether sufficient affordability checks were carried out before the loan was provided.

In this case Mrs M had the opportunity to take out the loan through Barclays' mobile banking application. Barclays has explained that the loan is easy to take out as this is meant to make things easier for customers. However it says that checks are still carried out before the loan is agreed and that the limits are based on these.

Mrs M's loan was automatically accepted without manual review. Barclays has explained that in cases such as this, it doesn't require the customer to provide separate income and expenditure information but that the assessment is based on the transactional data available to it and / or credit reports. It says that Mrs M had observed income of over £88,000 in the six months prior to the loan but it used a conservative estimate of for monthly income of £5,860. It says it calculated her expenditure as £2,116 leaving sufficient disposable income to meet her repayments. Barclays note that £72,200 of Mrs M's income was from transfers but says that because these were of a recurring nature it was reasonable ii included these in its calculations.

I have considered the information available to Barclays. I can see that Mrs M was recording a high amount of income into her account in the months before the loan. High amounts were also recorded into the account in the previous two years. Mrs M's account was in credit in the months leading up to the loan, often with substantial balance amounts.

Having looked through the account details I can see that a lot of the income has come from transfers. There isn't a regular income pattern and given this it could have been reasonable for Barclays to ask for more information about where these came from. As there was no manual review it doesn't appear that these were challenged. However, I cannot say that by asking this question the outcome would have changed and on balance given the number of transfers and that these took place over an extended period, I find it wasn't unreasonable to accept that Mrs M had sufficient funds coming into her account to meet the repayments under the loan.

I have also considered the expenditure details recorded and can see that transfers out of the account were made and that Mrs M appeared to have disposable income to spend after paying her regular outgoings.

Barclays has said that Mrs M would have met its internal credit score and that a credit search would have been carried out. Mrs M had taken out previous loans with Barclays and I am not aware of any concerns raised in regard to these.

While I can see that Mrs M's account doesn't show the consistent income and expenditure that might be seen in other accounts, on balance, I do not find it unreasonable that Barclays relied on the information it had and that it considered the loan affordable.

Overall, I do not find that I have enough evidence on this case to uphold this complaint.

Mrs M contacted Barclays about her situation shortly after taking out the loan. At this time I would expect Barclays to treat Mrs M positively and sympathetically. Barclays has explained that a £200 repayment plan was put in place. Then the monthly repayment amount was

increased to £250 with the repayment running from July 2019 to May 2020. It has confirmed that zero interest has been applied from 8 March 2019.

I understand that Mrs M feels the money shouldn't have been lent to her but as the money was provided and she had use of it I think it fair she is required to pay this back. As zero interest has been applied since March, and a repayment plan has been set up, I think Barclays has done enough to assist Mrs M. Given Mrs M's situation I would expect Barclays to continue to treat her positively and sympathetically going forward.

I appreciate Mrs M doesn't want her credit file affected by this situation. However, as I haven't upheld her complaint I do not find that I can require Barclays to do anything different to its normal procedure in regard to recording information on Mrs M's credit file. It has explained that when Mrs M's arrears reach six repayments a default notice will be issued and recorded on her credit file.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 19 August 2019.

Jane Archer
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