

## **complaint**

Mr D complains that Barclays Bank Plc mis-sold him a consolidation loan which was unaffordable and left him worse off than before. He has nominated a representative to bring the complaint on his behalf.

## **background**

Mr D had a loan, credit card and overdraft debts with Barclays. He and his representative went into a branch of Barclays to see whether the loan term could be extended to reduce the monthly repayment, as he was in financial difficulty at the time.

During Mr D's interview at the branch, he was offered a consolidation loan to repay his existing Barclays debts and provide an additional amount for car repairs. He decided to go ahead with the loan. The monthly repayment for the new loan was, however, more than before and he says it was unaffordable.

An adjudicator investigated Mr D's complaint. He considered that the checks Barclays had made before offering Mr D the consolidation loan were reasonable, including checking that he had no debts to other lenders, and that it had made a proper assessment of Mr D's financial situation – including the help that others were giving him towards his debts.

Given that the new loan replaced the other Barclays borrowing, and meant that other direct debits on his account could be discontinued, the adjudicator was not persuaded that the loan had been mis-sold or that it had obviously disadvantaged Mr D. Because of that, he did not recommend that Mr D's complaint be upheld.

Mr D's representative did not agree with the adjudicator, and wrote with his comments – the main points of which I summarise:

- Mr D had not asked Barclays for a consolidation loan – he had asked to have his existing loan term extended to reduce the repayment. The consolidation loan was Barclays' suggestion.
- Mr D's overdraft was only costing him a small monthly fee, and he was not paying the monthly payment for the credit card himself.
- The original loan was five years into its 10-year period, whereas the new loan was for a new ten-year term.
- It should have been obvious to anyone looking at Mr D's statements for the period in the run up to the consolidation loan that he was struggling.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

At the time Mr D agreed to the consolidation loan, he owed a significant amount of money to Barclays. I appreciate that the overdraft did not have a regular monthly repayment in the way that a loan does, but it was a high-interest type of borrowing that was not designed to be used continually and would have to be repaid at some point.

Mr D's representative has said that the monthly payments for Mr D's credit card were in fact being made for him by a third party, and so the consolidation loan did not benefit him when it repaid the credit card debt. But I am not clear, in that case, why the monthly assistance provided to Mr D could not simply have continued to be given towards the monthly payment for the loan that had incorporated the credit card debt. If the payment assistance was only temporary, then the discharge of the credit card debt by the consolidation loan will have eased Mr D's monthly outgoings.

In terms of additional borrowing over and above what he already owed, Barclays gave Mr D a further £1767.36, which he said was needed for car repairs. The new loan repayment was £230.88. This replaced the previous loan repayment of £106.82 and the credit card monthly repayment of £124.54, and brought his current account out of debt. It also provided money that he said was needed to repair his car.

In considering the drawbacks and benefits of the new loan for Mr D, I have looked beyond the simple fact of the new loan repayment being virtually the same as the total of the main monthly outgoings for his pre-existing borrowing. For example, I recognise that the new loan was over a much longer period – although I note that Mr D initially intended to extend his loan term in any event. I also appreciate that Mr D's financial position has since deteriorated again. However, in the particular circumstances of this case, I do not consider that the new loan was made irresponsibly.

Barclays accepts it could have been more prompt in the way that it dealt with Mr D's complaint, and has offered £50 in full and final settlement of Mr D's complaint.

### **my final decision**

Given my findings, my final decision must be that I do not uphold Mr D's complaint of irresponsible lending and I consider that Barclays Bank Plc offer to pay £50 in respect of slow complaint-handling is reasonable in this case.

Jane Hingston  
**ombudsman**