

## **complaint**

Mrs F complains that Barclays Bank Plc acted irresponsibly in agreeing loans that she could not later afford to pay.

## **background**

In September 2009, Mrs F applied for a loan of £5,000, which was approved by Barclays. In January 2010, Mrs F took out a further loan, which consolidated the previous one and increased her borrowing to £7,900. In January 2011, Mrs F again consolidated her lending and increased her borrowing to £24,000.

Mrs F's representative says all three loans represent irresponsible lending by Barclays. Mrs F is now in her 80s and her only income is her state pension. The money from the loans was given to Mrs F's daughter. Until she had to stop work due to ill health, Mrs F's daughter put money in her mother's account which went to make the repayments.

Mrs F's representative says no affordability assessments were completed by Barclays and given her limited income, the original loans were unaffordable. Mrs F's representative wants Barclays to agree the lending was irresponsible and to write off the outstanding balance.

The adjudicator did not recommend that the complaint should be upheld. She found that Barclays had carried out affordability assessments which considered Mrs F's incomings and outgoings. She was satisfied that the fact Mrs F maintained her monthly repayments from 2009 until her daughter's ill health in June 2013, illustrated that the loans were affordable.

However, the adjudicator was satisfied Barclays did not fulfil its obligations to Mrs F to respond positively and sympathetically when first made aware of her financial difficulties. Barclays has now agreed to accept Mrs F's low payment offer (providing this is a pro-rata offer to all her creditors), and refund all interest applied since 24 July 2013. But the adjudicator didn't consider this went far enough, and recommended that it should pay £200 compensation for the distress it caused by not making these arrangements sooner. Barclays has agreed to do this and also to apologise to Mrs F.

Mrs F's representative did not agree. She argues that by the time of the final loan, Mrs F was left with only £145.05 per month for all her living expenses. She says Mrs F's daughter's payments should not have been included in Mrs F's income.

## **my findings**

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

Barclays had a duty to lend responsibly to Mrs F. Although Barclays had to take into consideration Mrs F's vulnerability due to her age and low income, the bank is still entitled to consider her request for a loan and to make a commercial decision about whether to lend to her. I have seen records of Mrs F's account and am satisfied that the lending was affordable based on the income and outgoings. I am satisfied that Barclays took all relevant information into account. I consider it reasonable for Barclays to also take into consideration the payments her daughter made to her mother's account each month.

Barclays was satisfied with the response to the affordability assessments and Mrs F was able to repay the loans for four years until her daughter became unexpectedly ill in 2013.

I am therefore satisfied that it was reasonable for Barclays to consider that Mrs F could meet the monthly repayments when each of the loans was taken out. I am satisfied that these loans were affordable at the time they were agreed.

I am satisfied that Barclays did not respond sympathetically and positively in July 2013, when Mrs F went into branch to explain that due to her daughter's ill health she could no longer make the repayments. Barclays took no positive steps to assist Mrs F and simply referred her to a debt management charity. It did not undertake a review of her income and expenditure until January 2014, when Mrs F's representatives had brought her complaint to this service. This delay caused a great deal of upset and worry to Mrs F and I agree that £200 compensation is reasonable and that all interest charged since July 2013 should be refunded.

I am satisfied that Barclays has now responded in a fair and reasonable manner by agreeing to accept the reduced loan payments Mrs F feels are affordable. I urge Mrs F to continue to engage in discussions with the bank, which may involve providing the requested information in relation to repayment arrangements with any other creditors. Any arrangements should be reviewed periodically.

#### **my final decision**

My final decision is that I do uphold this complaint but only in part and I order Barclays Bank Plc to:

- Pay £200 compensation to Mrs F;
- Refund all interest charges applied to the loan account since 24 July 2013;
- Apologise to Mrs F;
- Restructure the loan repayments in accordance with agreements between itself and Mrs F, which should be kept under review.

Charlotte Holland  
**ombudsman**