

complaint

Mr E complains that a personal loan provided by Barclays Bank Plc was irresponsible lending which he cannot afford. He wants the bank to accept its error and provide assistance.

background

When Mr E visited his bank branch in January 2013 he was given the opportunity to discuss his finances with a member of staff. Following this discussion he was offered and agreed to take a personal loan of £5,000. The loan was to consolidate existing debts and reduce outgoings. Within six months of taking the loan Mr E was having difficulty making repayments.

Mr E says he had no intention of applying for a loan when he visited the branch. He says that at the meeting he told the bank that he was suffering from mental health problems. He says that because of these problems he squandered all the money that was lent and now cannot repay it. He says that the bank was aware that he was already having financial problems. He says that to actively sell him a new loan in these circumstances was irresponsible. He offered to repay £50 per month.

The bank says that it has never been made aware of Mr E's history of mental health problems. It says that at the meeting Mr E referred to his past problems about which he was writing a book - but did not indicate he was currently receiving treatment. The bank says that the purpose of the loan was to reduce outgoings and it is Mr E's responsibility to ensure that the new loan was used to repay existing debts. It says that Mr E's application passed its credit scoring requirements. It does not accept that the lending was irresponsible. The bank has offered to discuss an affordable repayment programme with Mr E if he completes an income and expenditure form.

The adjudicator did not recommend that the complaint should be upheld. She concluded that the bank was not aware of Mr E's illness and that it followed the correct procedures for assessing the suitability and affordability of the loan. Mr E says that Barclays aggressively sold him a loan that he did not need or ask for.

my findings

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

Mr E has provided a letter from his doctor to show that in the seven months from October 2012 to June 2013 he spent five months as an inpatient receiving treatment for his mental health problems. At the time he visited the bank in January 2013 he says he was not taking his medication. But I do not find any evidence that the bank had previously been made aware of his illness. On balance I consider it more likely than not that at the meeting in January Mr E discussed his past problems but did not make the bank aware that he was still unwell.

Mr E's bank statements do show that he was experiencing some financial difficulties before his meeting with the bank. I also recognise that he failed to meet repayments within a short time. But the loan was intended to reduce the pressure on his finances and I am satisfied that the application was agreed using the bank's standard credit scoring procedures.

I conclude it is more likely than not that Mr E was experiencing mental health problems at the time this loan was agreed. But I conclude that the bank was not aware of this and that it did not act irresponsibly in agreeing the new loan. I encourage Mr E to talk to Barclays about a suitable repayment plan and in the circumstances I would expect the bank to respond positively and sympathetically.

my final decision

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

John Thornton
ombudsman