

## **complaint**

Ms M complains the loan she was given in 2013 by Barclays Bank Plc was unaffordable for her and shouldn't have been approved.

## **background**

Ms M took out a loan for £6,000, which was credited to her current account on 25 February 2013. She completed the loan application online. The loan had a five year term with monthly repayments of £173.22.

Ms M did not keep up the loan repayments and fell into arrears. In 2017, Ms M complained to Barclays that the loan should never have been approved. Barclays investigated her complaint and said they'd carried out sufficient checks before approving the loan.

Our investigator looked into Ms M's complaint. She thought Barclays carried out reasonable checks and acted fairly in approving Ms M's loan. Ms M disagrees and has asked for an ombudsman to make a final decision. She says:

- Both prior to and when she took the loan out, she had a large number of payday loans. She says she was dependent on those loans.
- She was making regular and substantial payments to gambling companies.
- Every month she was being charged for returned direct debits, and she was making minimum payments on her credit card debt.
- She'd been in a debt management plan since 2010, which should have shown up on any credit report Barclays looked at.
- She's had complaints upheld about other loans she took out.

## **my findings**

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

I've looked first at Ms M's circumstances at the time the loan was approved – based on what she's said and the paperwork that's available.

At the time the loan was approved, Ms M was employed and being paid a regular monthly salary of about £1300.

Ms M's current account had generally been in credit in the months before she took out the loan. But by 20 February 2013 she was overdrawn by about £1000.

Ms M was regularly making payments for a significant number of payday loans. And she was making a large number of £10 payments each month to a gambling company – for example, about 40 in the month before taking out the loan.

Ms M has provided evidence of court judgments from some years before she applied for the loan. It seems there was a court order in 2007 for her unpaid council tax, and one sometime before January 2009 in relation to her water bill. There's also a letter that refers to a court judgment in 2009.

Ms M's also given us paperwork showing she was in a debt management plan. It appears the plan was in place from at least 2009 and that Ms M was making payments towards it at the time she took out the loan with Barclays.

I've also looked at what Barclays have said about their process for approving Ms M's loan. Barclays have said that, as Ms M had her current account with them, they were able to review her income and outgoings through her account records. So they would have seen that in most months her account was in credit.

Barclays could also have seen that Ms M had a number of payday loans, but was making regular repayments for them. And they would have known she was making regular payments to a gambling company.

Barclays have said they reviewed Ms M's credit file. As this took place more than five years ago, I can't be sure exactly what checks Barclays made or what they would have seen when they did so. I note that Barclays have said they didn't find any record of court judgments recorded against Ms M, or anything to suggest the loan was unaffordable for her.

The key question I need to look at is whether it was fair and reasonable for Barclays to decide the loan was affordable for Ms M. And having done so, I don't think I've got enough evidence to say the loan was unaffordable for Ms M at the time she took it out.

The monthly repayments represented only about 13% of Ms M's monthly income. And the loan allowed Ms M to repay some other debts. I see that within a week of being given the loan, Ms M had paid off about £3000 of payday loan debt, and her overdraft of about £1000.

Although Ms M had a number of payday loans, she was repaying them regularly. The fact that someone is gambling regularly does not in itself make a loan unaffordable. And Ms M's current account had been in credit for most of the previous few months.

As I've noted, Barclays have said they didn't find any record of court judgments against Ms M. But the judgments had been made some years before Ms M applied for the loan. And she'd been making regular payments against her debt management plan.

I can see that Ms M's financial situation worsened and she was unable to maintain the loan repayments. I'm sorry that Ms M has had to go through such a difficult time. But I'm looking at the decision Barclays made at the time. And having done that, I don't think the loan was unaffordable for Ms M.

I'd like to reassure Ms M that I've taken account of everything she's said. I know she feels this complaint is similar to others that have been upheld. But I need to look at each complaint on its individual merits. And having done so, I've decided not to uphold this complaint.

**my final decision**

For the reasons I've explained, my final decision is that I don't uphold Ms M's complaint against Barclays Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 29 July 2018.

Matthew Young  
**ombudsman**