

complaint

Mr L complains about the loans he took out with Barclays Bank Plc. He complains that Barclays shouldn't have given him the loans because of his mental health problems.

background

In August 2016, Mr L applied for four loans using Barclays' mobile app. The loans were as follows:

- | | | | |
|---|----------------|---------|------------------------------------|
| 1 | 23 August 2016 | £1,200 | repaid from the proceeds of loan 2 |
| 2 | 25 August 2016 | £7,200 | repaid from the proceeds of loan 3 |
| 3 | 27 August 2016 | £10,200 | |
| 4 | 27 August 2016 | £5,000 | |

Loans 3 and 4 are repayable over five years.

Mr L says Barclays shouldn't have given him the loans. He says it refused to lend to him some months earlier, in branch. Mr L says he previously asked to borrow money to pay gambling debts, which he told the bank were caused by his mental illness. He says the loans wouldn't have been approved if he'd applied in branch. He doesn't understand why he was given easy access to pre-approved loans. Mr L says he's vulnerable to impulsive behaviour.

The adjudicator thought that Barclays had dealt with Mr L's complaint fairly. He said the mobile app loans were pre-approved, based on Mr L's current account, previous borrowing with the bank and information from credit reference agencies. The adjudicator said there was nothing about the conduct of Mr L's current account or in his credit report that meant Barclays shouldn't have lent to him.

The adjudicator said the central issue is whether Barclays should've lent to Mr L given his gambling. He said Barclays has no record of Mr L telling it about gambling issues. As Mr L didn't give the bank explicit instructions not to lend to him, he didn't think Barclays was at fault. The adjudicator also said the application for a loan on a mobile app prompts the customer to confirm that the money isn't for gambling.

Mr L said in November 2015, Barclays refused his application for a credit card. That's when he told it about his gambling and mental health. He says Barclays didn't tell him how he could protect himself. That had very serious consequences for him. Mr L feels very let down that Barclays didn't treat him as a vulnerable customer after he'd explained his difficulties to it in 2015.

The adjudicator said Barclays didn't know who processed Mr L's application in 2015 and there were no notes on its system about Mr L's disclosure of his problems. Also, whoever dealt with the application wouldn't have looked through Mr L's current account. So, he didn't find Barclays at fault for failing to note that Mr L was a vulnerable customer.

Mr L said in November 2015, he wanted an overdraft or short-term loan and queries whether Barclays would've looked at his statements – and therefore seen evidence of his gambling – when considering those options. He asked that an ombudsman look at his complaint.

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'm very sorry to hear of the difficulties Mr L continues to face.

It's clear and quite understandable that Mr L has very strong feelings about this matter. He's provided detailed submissions to support his complaint. I've read all this carefully and taken it all into consideration when making my decision.

Mr L says that in November 2015, he told the bank that his gambling debts were a product of his mental ill health. The bank says it can't trace the member of staff with whom Mr L spoke and that it has no note of that conversation.

I've considered this matter carefully. There's not enough evidence to enable me to safely conclude that in November 2015, Mr L told the bank about his difficulties. Mr L is recalling events that happened some months before. He initially recalled an incorrect date for that discussion. That isn't important in itself but it shows the difficulty of recalling events at a distance.

I don't think I can safely rely on only Mr L's recollections about the meeting in November 2015. In every case we look at, we have to come to a decision based on the available evidence. It's not an issue of Mr L's credibility here but I can't be sure, on balance, that his recollection is correct. Barclay's policy at the time Mr L visited the branch was to note down anything they were told about a customer's personal situation – like his mental health or any gambling. Barclays' staff member didn't make any note about this.

Even if I reached a different conclusion about that, I don't think it would necessarily alter the outcome. That's because Mr L didn't ask the bank not to lend to him because of his difficulties. Barclays doesn't have a general rule that it won't lend to someone who has mental health issues or chooses to gamble. So, I don't think the bank was initially at fault in promoting a pre-approved loan to Mr L.

When lending money to Mr L, Barclays was required to ensure he could repay the borrowing in a sustainable manner, without it adversely affecting his financial situation. A lender should obtain sufficient information to make an informed decision about the lending. It's for the lender to decide how it does this. The guidance and rules list a number of things each lender may wish to consider. Checks should be proportionate, based on the size of the loan.

Barclays says it looks at a customer's current accounts and information from credit reference agencies. There was nothing in either Mr L's current account or his credit report that would've led Barclays to conclude that Mr L couldn't afford the loans. The loans appear to have been affordable, as Mr L kept up the monthly payments until March 2017, when unforeseen events meant that he had difficulties making the payments.

I've looked at the August 2016 borrowing. Mr L made four applications in a short space of time. That may suggest an erratic pattern of spending. However, the bank says it lends up to a pre-approved upper limit. The upper limit is considered monthly, so the bank wouldn't have cause to look at Mr L's spending between his various applications.

Also, the applications asked Mr L why he was borrowing. If he selected “*other*”, he was asked to confirm that the money wasn’t going to be used for, amongst other things, gambling related expenses.

I’m very sorry to disappoint Mr L but I don’t think the bank was at fault here. I can see that the adjudicator has recently directed Mr L to an organisation that offers free independent money advice.

As Mr L is now having difficulty making the monthly payments, he may wish to ask the bank directly for assistance. Mr L’s personal and financial circumstances have changed quite considerably since he took out the loans. Also, Barclays is now on notice about Mr L’s difficulties. I would remind the bank that it has a duty to treat customers in financial difficulties sympathetically and positively. If Mr L isn’t satisfied with the bank’s response to a request for help during financial difficulty, it’s open to him to make a complaint about that.

my final decision

My final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr L to accept or reject my decision before 16 June 2017.

Louise Povey
ombudsman