

## The complaint

Mr B complains that Barclays Bank UK PLC (Barclays) lent to him irresponsibly.

## What happened

In September 2021, Mr B applied for a personal loan through his mobile banking app. Barclays approved the loan - for £9,000, payable over 60 months with monthly payments of £171.70, and it was drawdown.

Mr B complained. He said the loan wasn't affordable and Barclays couldn't have completed the necessary checks.

Barclays told us that Mr B passed their credit checks. They said they'd worked out that Mr B had an income of £845 per month, and after deducting expenses, he had a monthly disposable income (MDI) of £310. So – the loan payments were affordable.

Added to that, Barclays said that it was clear that Mr B had another bank account - as there were frequent transfers into his Barclays account from it. Barclays said he had declared monthly income of £3,000 in his application for the loan – so that, added to Barclays' checks, showed the loan was clearly affordable.

Our investigator looked at what Barclays had submitted to us and issued a view that Barclays didn't complete enough checks. She looked at Mr B's Barclays statements – which showed income was only £125.91 per month. She could also see a pattern of high spending at retailers in August 2021. So – she said Barclays should've asked more questions than they did. She said Barclays should refund all the interest on the loan, and remove any adverse information recorded on Mr B's credit file.

Barclays didn't agree. They said it was clear that Mr B had another bank account as his main account – and it was likely that his main income was paid into that. They asked that we look at his statements for that bank account. Our investigator obtained those but didn't change her opinion – so this complaint has now come to me to look at.

### I made a provisional decision which said:

All lenders have an obligation to lend money responsibly. We have to check whether Barclays acted in line within the Financial Conduct Authority (FCA) rules on creditworthiness assessment as set out in its handbook, (CONC) section 5.2. These say that a firm must undertake a reasonable assessment of creditworthiness, considering both the risk to it of the customer not making the repayments, as well as the risk to the customer of not being able to make repayments. We look at:

- Whether the lender completed reasonable and proportionate checks to satisfy itself that the borrower would be able to repay any credit in a sustainable way?

- If reasonable and proportionate checks were completed, did the lender make a fair lending decision bearing in mind the information gathered and what the lender knew about the borrower's circumstances?
- And a reasonable and proportionate check would usually need to be *more* thorough:
  - the lower a customer's income, and the higher amount to be repaid.
  - the greater the number of loans and frequency of loans.
  - the longer the term of the loans

It's important to note that the checks must be proportionate to the amount being lent – so the higher the amount, the greater the checks must be, and the lower the amount, then fewer checks can be made.

I've looked at Mr B's complaint in the light of this guidance.

Barclays showed us that when assessing Mr B's application, they worked out his income at £845 per month, and he had a monthly disposable income (i.e. spare money) of £310. So – based on those figures, Barclays demonstrated that Mr B could afford the loan and agreed to it. Even based on this information, I think it was reasonable that Barclays took the decision they did and I'm satisfied that the necessary proportionate checks were completed.

In addition to that, Mr B said he had income of £3,000 per month when he applied for the loan via the Barclays app – so that suggested he had more income than Barclays had worked out. But – we wanted to cross check to see the evidence of that income. I say that because there was a regular income of only £125 per month paid into the Barclays account.

We asked for Mr B's statements for his other bank account – as Barclays said they thought that his Barclays account didn't show the full picture, and it was likely that his main account was held with another bank.

Mr B showed us copies of the statements. The copies aren't very clear but I'm satisfied that they show pension income. There are monthly (or four-weekly) credits totalling approximately £2,000. This is more consistent with the monthly income Mr B declared to Barclays when applying for the loan. I can also see that the account had an average balance of over £3,000 credit. So – he doesn't appear to have been under any financial pressure. There were regular transfers from that account to Mr B's Barclays account.

So, I am satisfied that Mr B's statements for his other bank account confirmed that his income was more than the money which was being paid into his Barclays account. So – Barclays made a reasonable decision to lend to Mr B.

Therefore, this provisional decision is that Barclays did not lend to Mr B irresponsibly, and do not have to take any action. But it invites both Mr B or Barclays to make further comments and bring any new evidence forward if they wish to do so. (**continued**)

#### Responses to the provisional decision:

Barclays agreed, but Mr B didn't. He said:

- the income shown on his other bank account wasn't his income, but mostly was his

wife's.

- the account also showed income from his ISA, and not regular income.
- He referred to a conversation he had with Barclays on 23 September 2021 – he said Barclays said the loan could be written off, or reduced, on that call. He referred to that in the context of a related complaint brought to our service.

I now need to consider Mr B's points and make a final decision.

### **What I've decided – and why**

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

I looked at Mr B's other bank account statements again. They show two pension income credits each month – so it looks like those are those of himself and his wife.

But notwithstanding this – the main point is that Mr B declared on his loan application that his income was £3,000 per month, and the bank statements on his other account do demonstrate that – as I said in the provisional decision. So – as I said, Barclays' decision to lend Mr B the money looks to be a reasonable one.

I looked at Mr B's other complaint which he brought to our service – and the call he referred to. I listened to it. Barclays' call handler was sympathetic to Mr B's circumstances and said Barclays would look to help him by possibly reducing his monthly payments, but also said "*we can't guarantee anything for you*". There wasn't any reference to a commitment to write off the loan or reduce the loan amount.

Therefore, having reviewed Mr B's further points, my final decision is unchanged from the provisional decision.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 September 2023.

Martin Lord  
**Ombudsman**