

The complaint

Mr K complains that Barclays Bank UK PLC refused an application for a personal loan.

What happened

Mr K applied for a loan of £17,000 in branch, which was declined. Mr K appealed the decision, and Barclays wrote to him to explain that it couldn't agree the loan. It explained the application didn't meet its internal scoring criteria. It said it generated a score based on several factors including his details, account performance and credit reference agency (CRA) data. It said the application was also declined due to affordability and information provided by a CRA.

Mr K doesn't think Barclays treated him fairly. He's unhappy Barclays refused to provide detailed reasoning for its decision and that it didn't share the evidence it relied on. He said he has a good credit score and could easily have afforded the loan. He said Barclays' decision caused him a financial loss – as he planned to use the loan funds to purchase a car for his son. Because he was unable to do so, his son applied for borrowing elsewhere to fund the purchase and had to take out a credit agreement with a higher level of interest.

As he said Barclays hadn't resolved things for him, Mr K referred his complaint to this service. One of our Investigators looked into the complaint but didn't uphold it. They were satisfied Barclays had made its decision fairly in line with its internal processes. They said Barclays wasn't required to provide more detail about the reason for its decision than it already had.

Mr K disagreed with the Investigator's findings. He said he's a longstanding customer of Barclays and that he holds several other assets and products with them – which shows that the loan was easily affordable for him. Mr K asked for the complaint to be escalated to an Ombudsman for 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 can appreciate why Mr K would like Barclays to provide detailed reasoning and evidence to support its decision. Where an application is declined, I'd expect a lender to provide the main reasons for reaching its decision. So the issue for me to consider is whether Barclays did so here.

Barclays gave Mr K some detail about what information it considered when making its decision, and how it generated an application score and assessed it against its criteria. It says its internal scoring criteria and the specific evidence it relied on is commercially sensitive and can't be shared. I don't find this to be unreasonable, and I'm satisfied Barclays has shared as much information as I'd usually expect with Mr K.

Mr K says Barclays should have accepted his application. Ultimately, it's for each bank to

decide who it will lend to, and to set its own lending criteria. The way Barclays sets its criteria and assesses applications isn't something I can interfere with, and it isn't within the remit of this service to tell a bank to accept a loan application. But I would expect Barclays to assess each application fairly and in line with its processes.

So I've considered whether Barclays has demonstrated that it reached its decision fairly, and that it treated Mr K the same as it would any other customer in the same circumstances. Barclays has provided further detail about why it declined Mr K's application. I can't share this information with Mr K, but I'd like to assure him that I've carefully considered it. Having done so, I haven't seen anything to suggest that Mr K has been treated unfairly or that his application was declined in error.

I appreciate Mr K feels strongly that his ongoing relationship with Barclays should have been considered. Ultimately, it's for Barclays to decide what information it relies on when considering loan applications – and I can't instruct it to lend to Mr K on the basis of that he's a longstanding customer when his application doesn't otherwise meet its lending criteria.

Taking everything I've seen into account, I'm satisfied Barclays has treated Mr K fairly when considering his loan application – and that it gave him a reasonable explanation as to why it couldn't agree the loan. I don't find Barclays made an error in this case, and therefore don't hold it responsible for the losses Mr K says he incurred because of its decision.

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 K to accept or reject my decision before 25 April 2024.

Stephen Billings
Ombudsman