

The complaint

Mrs G complains that Clydesdale Financial Services Limited trading as Barclays Partner Finance ("BPF") irresponsibly gave her a fixed sum loan she couldn't afford to repay.

What happened

In October 2016, Mrs G entered into a fixed sum loan agreement with BPF for the purchase and fitting of new windows and doors for her home. The agreement was brokered by the supplier and fitter of the windows and doors which has since gone into administration. The cash price of the goods and services was £9,900. Mrs G was required to pay 120 monthly repayments of £115.36.

In 2021, Mrs G complained to BPF to say that enough wasn't done to establish whether the agreement was affordable and sustainable for her. She also raised concerns about the quality of the work that had been carried out on her home. The complaint about the quality of the work is being dealt with under a separate complaint and doesn't form part of this decision.

BPF didn't agree it had acted unfairly when approving the loan for Mrs G. The complaint was referred to our service. I sent Mrs G and BPF my provisional decision on 13 October 2023. I explained why I wasn't planning to uphold the complaint. I said:

Our approach to considering complaints about irresponsible and unaffordable lending is set out on our website and I've had this approach in mind when deciding what is fair and reasonable in this complaint.

Before lending BPF needed to complete proportionate affordability checks. There isn't a set list of checks it had to complete, meaning what is proportionate will vary with each lending decision. To decide how thorough checks ought to be BPF needed to take into consideration things such as (but not limited to): the amount borrowed, the total repayable, the cost of the credit, the size of the regular repayments, the term and the borrowers circumstances.

As part of the application BPF had been told Mrs G earned an annual income of £19,000. It's not clear whether this figure was supplied by Mrs G or by the broker when completing the application. It seems clear this wasn't her income, however, it's possible this represented her household income at the time.

BPF also completed a credit check which showed that as well as being jointly responsible for a mortgage with monthly repayments of just under £200, she held a number of store cards. All of the store card accounts held a zero balance except one which was only a few hundred pounds.

I'm mindful this loan was to repaid over ten years. That is a significant commitment and I note BPF appears to have been aware that if the loan ran to term Mrs G would have been in her early eighties when it was paid off. All of this ought to have prompted it to have completed more thorough checks to ensure the lending was

affordable and sustainable over such a long term. I think it ought to have done more to verify Mrs G's income and her regular expenditure.

Just because I don't think BPF completed proportionate affordability checks, it doesn't automatically follow that the complaint should be upheld. I still need to be satisfied that in lending to Mrs G it acted unfairly and caused her a loss. However, I'm not persuaded that's the case. I'll explain why.

I can't be certain what evidence and information BPF would have reviewed if it had completed proportionate checks. But in the absence of anything done by BPF, I've reviewed Mrs G's bank statements from around the time of the lending decision and asked her for further details of her finances. I think these give a good indication of what BPF would likely have discovered if it had carried out proportionate affordability checks.

Mrs G has told us, and supplied evidence by way of her bank statements, that her only source of income was a pension payment of £220 per month. However, like BPF, I'm not persuaded those payments were pension payments. The reference attached to the payment appears to indicate these were separate benefit payments.

I've noted that Mrs G has told us she was retired at the time of the application. However, she's also told us she retired some time after the application and ultimately that she isn't sure which is true. All of this is further reason why I'm not persuaded the £220 is likely to be her pension income. However, even if I accept that she only earned £220 per month at the time of the application and that this is what BPF would have discovered, I'm still not persuaded the loan was unaffordable or caused her any loss.

I say this because she's told us that her husband paid all the household bills, including their mortgage. Those were his responsibility. The bank statements Mrs G has provided to us demonstrate that appears to be true, her account only shows the £220 monthly income and small non-essential expenditure. Her account balance is generally maintained at around £500 in credit with only minor fluctuations.

While £115.36 represented more than half of the £220, it appears this was still affordable as she had no other regular committed expenditure. When I asked Mrs G why she took out the loan rather than her husband, she said this was because she believed she could afford it from her income. This suggests that Mrs G would have presented the situation as such if BPF had asked for more information and evidence of her financial circumstances and that didn't appear to be an unreasonable belief from what I've seen.

It seems BPF would likely have discovered that Mrs G's husband was responsible for all of their essential bills and expenditure and Mrs G's income (whatever that true figure might have been) was all disposable income.

I asked Mrs G to provide copies of her bank statements for two years after she entered into the BPF loan. These demonstrate that Mrs G's monthly income of £220 into her account was sufficient to service the loan repayments and her other ad-hoc purchases. Her account balance remained at around £500 in credit each month (as it had before the loan) without any signs that she needed to resort to further borrowing to sustain the repayments. This means that even if I thought BPF shouldn't have lent to her, I can't see that its actions have caused her any loss.

Taking everything into consideration, while I think BPF ought to have completed

more thorough affordability checks, I'm not persuaded its failure to do that caused Mrs G any loss.

BPF accepted my provisional decision and Mrs G had no further comments or evidence to provide.

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.

As neither party had any new comments or evidence to provide, I've seen no reason to reach a different conclusion to the one I reached in my provisional decision. I'm therefore satisfied that BPF didn't complete reasonable and proportionate affordability checks when lending to Mrs G, but its failure to do so didn't cause her any loss. For this reason, I don't think BPF needs to do anything to put things right.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 30 November 2023.

Tero Hiltunen
Ombudsman