

Complaint

Mr G has complained about loans Clydesdale Financial Services (trading as Barclays Partner Finance “Barclays PF”) provided to him. He says that these loans were unaffordable due to having priority bills to pay and young children to care for.

Background

In October 2017, Mr G purchased a mattress and pillows. The purchase price of the goods was £1,835.55. Mr G paid a deposit of £367.55 and Barclays PF provided Mr G with a fixed-sum loan for the remaining £1,468.00 in order to facilitate his purchase. Mr G’s loan was interest free and had a 30-month term. This meant that the total amount was due to be repaid in 29 monthly instalments of £48.93 followed by a final instalment of £49.03.

In October 2018, Mr G purchased further household goods. The purchase price of the goods was £2,110.00. Mr G paid a deposit of £215 and Barclays PF provided Mr G with a fixed-sum loan for the remaining £1,895.00 in order to facilitate his purchase. Once again Mr G was provided with interest free credit and this time his agreement had a 48-month term. This meant that the total amount was due to be repaid in 47 monthly instalments of £39.48 followed by a final instalment of £39.44.

One of our investigators reviewed what Mr G and Barclays PF had told us. And he thought that Barclays PF hadn’t done anything wrong or treated Mr G unfairly. So he didn’t recommend that Mr G’s complaint be upheld.

Mr G disagreed with our investigator’s assessment and asked for an ombudsman to 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.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr G’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr G’s complaint. I’ll explain why in a little more detail.

Barclays PF needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Barclays PF needed to carry out proportionate checks to be able to understand whether Mr G could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Barclays PF says it agreed to Mr G's applications after he provided details of his employment. It says it also carried out credit searches. And in its view, all of this information showed Mr G could afford to make the repayments he was committing to.

On the other hand, Mr G has said he should not have been provided with these agreements.

I've carefully thought about what Mr G and Barclays PF have said.

The first thing for me to say is that the information provided does suggest Mr P was asked to provide some information regarding his circumstances and Barclays PF didn't just rely on what it was told as it carried out credit searches too.

Barclays PF's credit checks did indicate that Mr G had some existing credit. But it's fair to say that these weren't excessive. And as there didn't appear to be any adverse information recorded at either time, I don't think that it was unreasonable for Barclays PF to have proceeded with these applications either.

I say this particularly because Mr G was being provided with interest free credit to purchase household goods. Furthermore, the monthly payments that he was required to make both individually and when both agreements are taken together are low. It's also worth pointing out that Mr G covered many months' worth of payments with his deposits too, which again would have led Barclays PF to conclude that he had sufficient funds to repay.

I accept that Mr G's actual circumstances may not have been fully reflected in the information Barclays PF obtained. But given the circumstances of the borrowing, I can't reasonably say that Barclays ought reasonably to have done more here. As this is the case and bearing in mind everything, I don't think that Barclays PF did anything wrong when deciding to lend to Mr G – it carried out reasonable and proportionate checks (although I accept that Mr G will not agree with this) and this suggested the repayments were affordable for Mr G.

For the sake of completeness and notwithstanding the fact that I am not upholding Mr G's complaint, I do think that it would be useful for me to explain that as Mr G entered into interest free agreements, even if I were to have upheld Mr G's complaint I would not have asked Barclays PF to return his payments as he has requested.

I say this because I would typically direct a firm to refund any interest, fees and charges paid should I uphold a complaint about irresponsible lending. But the consumer would be expected to repay any funds that they received and had the benefit of. As Mr G had the benefits of the goods financed and he wasn't scheduled to pay any interest and charges, irrespective of the fact that Mr G didn't make all his payments in these instances, I wouldn't have required Barclays PF to refund Mr G's payments, even if I were to agree that the loans were provided irresponsibly.

Overall and having considered everything, I don't think that Barclays PF treated Mr G unfairly or unreasonably when providing him with his loans. And I'm not upholding Mr G's complaint. I appreciate this will be very disappointing for Mr G. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 March 2024.

Jeshen Narayanan
Ombudsman