

The complaint

Mr A complains that Barclays Bank UK PLC (Barclays) allowed him to use his credit card to gamble with. He feels Barclays were guilty of irresponsible lending by giving him the card in the first instance and that they ought to have prevented him from gambling with the card.

What happened

Our investigator's background summary covered all the relevant facts and issues, and is known to both Mr A and Barclays, so there is no need for me to repeat them again here in any great detail. Instead I will focus on giving the reasons for my decision. So, if I've not mentioned something it's not because I've ignored it, rather it's because I don't think it's relevant to the issues I need to deal with.

Mr A applied for and obtained a credit card with Barclays in May 2014. He asked for a £10,000 credit limit and it was granted. He began using his card to gamble with in September 2014, and in July 2015 he contacted Barclays to tell them he was in financial difficulties. Barclays placed a hold on his account, froze interest, requested an income and expenditure schedule from him, and gave him contact details for their customer contact team and some free debt management companies. In August 2015 Mr A entered into an IVA.

Barclays looked into Mr A's complaint but rejected it, as they considered they had not done anything wrong.

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. The role of the Financial Ombudsman Service is to mediate individual disputes between consumers and businesses, and to award redress where it is appropriate.

So I look at the issues raised and then consider all the available evidence in order to see if the business has acted fairly. I take into account both sides' views in considering whether Barclays acted fairly.

Our service doesn't have the power to make rules for financial businesses, direct that they change their processes, or punish them. That is for the regulator, the Financial Conduct Authority (FCA). We can't give businesses direction on policy or procedure. We can only say whether it is a policy or procedure which is being applied fairly and reasonably to all customers. The FCA takes a principles-based approach to conduct regulation and lets businesses choose how they incorporate those principles into the way they deal with customers. This is reflected in the remit the FCA has given this service under the Dispute Rules in the FCA Handbook. What we recommend however can influence how businesses review their policies.

There are essentially two issues here. First whether Barclays ought to have given Mr A the credit card at all, or with such a large limit, and secondly, whether it should have stopped Mr A from gambling in the way he did.

When Mr A applied for his card the information he gave about his income, and the information Barclays received from other sources was analysed and assessed by them for affordability. Having done that Barclays concluded that Mr A should be given a card with his requested limit as his income and the information they had supported such a decision. So I can see that Barclays followed their procedure for assessing applications, and nothing arose which could have alerted them to any potential problem in giving the card to Mr A. So I can't say Barclays have acted unfairly or lent to Mr A irresponsibly.

Turning to the actual use of the card, the first important point to make is that gambling is a perfectly acceptable use of a credit card, and it is not for a card provider to say or restrict what a customer is able to use their card for. Many people do gamble responsibly. However, as our investigator has pointed out, circumstances can arise which could lead to a card provider being alerted to the fact that a customer may be in some financial difficulty and for them to be proactive in trying to help. But no such circumstances existed here which could have led Barclays to forming that view. Mr A's account only went over limit on 24 June 2015, having been managed within limits previously, and just over a week later Mr A notified Barclays of his difficulties. It was at that point that Barclays offered the help and support I've mentioned above. Before that they were unaware he had a problem.

I do appreciate that matters have changed this year on the issue of gambling using credit cards, but I am looking at the position as it was in 2014 and 2015, and I can't say Barclays did anything wrong then. And I can't judge Barclays actions then by today's standards.

Mr A has brought up the point that Barclays compensated him in May 2019 but this was not in relation to his use of the card for gambling. What Barclays did was to refund all interest charges and fees that were applied to all their customer's accounts which had been placed in 'collections' between October 2013 and July 2016, as well as giving each customer a £75.00 inconvenience payment. This was a blanket approach which they had agreed with the Financial Conduct Authority. So I can't say that this action in any way supports an argument that Barclays either lent irresponsibly to Mr A or were aware that he was in financial difficulty through gambling.

So, although Mr A will probably be disappointed with my decision, I can't say Barclays has acted unfairly or unreasonably here and I'm not upholding this complaint.

My final decision

For the reasons set out above I do not uphold the complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 June 2020.

Jonathan Willis
Ombudsman