

Complaint

Mr C complains that Barclays Bank UK PLC trading as Barclaycard (Barclays) acted irresponsibly when they allowed him to open a credit card account.

Background

Mr C has a credit card account with Barclays but feels that the card shouldn't have been approved because when he applied for the credit card he had no form of income and was having gambling issues. Mr C feels that Barclays didn't carry out sufficient checks when he applied for the credit card account which led to him to getting into debt and affected his credit rating. Mr C feels the outstanding balance and charges should be refunded and his credit file amended.

Barclays says that when Mr C applied for the credit card he stated a level of income that justified the credit card limit given. Barclays says that credit checks were carried out and these showed there was no adverse information. Barclays says they have done nothing wrong and the charges made to his account are in line with the terms and conditions of the credit card account. Mr C was unhappy with their response and referred the matter to this service.

The investigator gathered all of the relevant information but didn't uphold the complaint as he felt that Barclays had acted responsibly when it approved the credit card account. The investigator said that Barclays had carried out an appropriate level of checks and had acted fairly applying the account charges. The investigator said the level of credit provided was manageable in relation to the income and expenditure profile Mr C had stated on his application for the credit card account.

Mr C wasn't happy with the investigators view and asked for the matter to be referred to an ombudsman for a final decision.

My findings

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

Having done so I have come to the same conclusion as the investigator and I will explain how I have come to my decision.

When considering Mr C's complaint I have looked at whether Barclays should have done more before they granted the credit card facility to Mr C. I have also considered whether the charges Barclays applied to Mr C's credit card account were fair and reasonable.

Mr C says that Barclays shouldn't have provided him with a credit card account as he had no form of income and if the credit card company had checked his Barclays bank account it

would have confirmed this. Mr C said that he also had gambling issues and that was the primary use of the credit card. From the information I have seen Barclays did carry out credit checks and these didn't show any adverse credit issues. In the application form, completed by Mr C, he declared a level of income Barclays believed to be proportionate to the level of credit provided – in this case £250.

When considering this I am satisfied an appropriate level of checks were carried out, relative to the amount of credit provided. I would only expect to see a more in depth income and expenditure profile if Mr C had been looking for more substantial credit over a longer term – in which case Barclays would need to evidence affordability of the debt was sustainable. This is not the case here - the level of credit provided was based on information provided by Mr C and was appropriate to that. Barclays do not have free access to any related bank account and I am satisfied for this level of credit it wasn't necessary to ask for this, given the checks it carried out.

I was sorry to hear that Mr C has gambling issues and that has contributed to his financial problems. Having said that, gambling is a legitimate form of expenditure and Mr C hasn't provided any evidence to show that he had made Barclays aware of this or he was experiencing financial difficulties. I have looked at the credit card statements and while they show examples of the account exceeding the limit, equally the account was regularly funded and, from what I have seen, I am satisfied the level and type of activity on the account wouldn't have alerted Barclays of any serious financial difficulties. After all, it is not for Barclays, or any other bank, to tell its customers what they can spend their money on.

A large element of the debt consists of charges for late payments and interest and this has increased partly because Mr C stopped making payments to the credit card account. While it is disappointing for Mr C to see his level of debt rise like this, I am satisfied that Barclays have charged this fairly and in line with the terms and conditions of the account.

I have seen a number of letters from Barclays asking Mr C to contact them and advising him of the consequences of failing to make payments on time –including it advising appropriate credit reference agencies. The letters also make clear it is important he contacts them as they may be able to help with a debt management plan if he couldn't make the full repayment. On balance, I am satisfied that Barclays acted reasonably here and it had a responsibility to record factual information to the appropriate credit agencies. I can also see that Barclays directed Mr C to debt charities that may have been able to help him - this is what I would expect to see here.

I know Mr C will be unhappy with my decision, but it follows I won't be asking anymore of Barclays here.

My Final Decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5August2020.

Barry White
Ombudsman

