

The complaint

Miss A complains Barclays Bank UK PLC (“Barclaycard”) irresponsibly lent to her when it increased the credit limit on a credit card. She also complains that Barclaycard hasn’t calculated redress fairly following a review.

What happened

Miss A raised a complaint about the lending on her credit card, and referred the matter to our service for review after receiving Barclaycard’s response. A final decision on the complaint was issued, and the ombudsman didn’t find Barclaycard had acted unfairly.

Following that final decision, Miss A received a letter from Barclaycard which said it was going to refund some of the interest and charges applied to the account. Barclaycard said it was doing that as part of internal review, and had agreed its approach with the Financial Conduct Authority. Miss A wasn’t happy, and complained that the refund she was now being offered was evidence she’d be irresponsibly lent to. Because of that, she felt further compensation was due. Barclaycard didn’t respond to the complaint in time, and so the matter was referred to our service.

An investigator here said our service wasn’t able to reconsider the complaint about irresponsible lending. Although an internal review had identified a fault in Barclaycard’s affordability calculator, the investigator said not all consumers had been affected. Barclaycard had taken a blanket approach to issuing refunds – versus our investigation which had assessed Miss A’s individual circumstances. So the investigator thought no further redress was due.

Miss A didn’t accept the investigator’s view, so the complaint was passed to me for a decision on the matter.

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 rules that govern our service are found in the Financial Conduct Authority’s handbook, and are called The Dispute Resolution Rules (DISP). DISP 3.3.4A says the ombudsman may dismiss a complaint, without consideration of the merits, if dealing with it would otherwise seriously impair the service’s effective operation. One of the examples given, of what might seriously impair our effective operation, is where the subject matter of the complaint has previously been considered – unless material new evidence, which the Ombudsman considers likely to affect the outcome, has subsequently become available to the complainant.

Miss A has previously had a final decision on her complaint about irresponsible lending on the credit card. The offer made as a result of Barclaycard’s review is new material information that has subsequently become available, but I don’t consider it was likely to affect the outcome of the original complaint. That’s because Barclaycard decided to take a

blanket approach to providing refunds, and not everyone who received one was necessarily affected by the issue found with its affordability calculator. But even if there was an issue with the affordability calculator when Miss A applied for the card and subsequently limit increases, that doesn't necessarily mean she was irresponsibly lent to. And an ombudsman here assessed her individual circumstances and decided she wasn't treated unfairly. So I'm dismissing Miss A's complaint about irresponsible lending, without consideration of the merits – as it has previously been looked at by us, and I don't consider this new evidence makes a difference.

Miss A is also unhappy with Barclaycard's refund calculations under the review – which, though connected to the irresponsible lending complaint, our service can consider as a separate matter. Miss A believes the refund should have been larger, given how much interest she paid towards the account during the period in question. She also argues that the distress and inconvenience part of the offer is too low – and doesn't cover the impact involved.

I appreciate that significantly more interest will have been paid towards the account than what Barclaycard has offered. But the review only refunded interest paid when Miss A had fallen behind on payments – as well as the interest charged on interest and on the fees/charges. I've reviewed the breakdown of the offer, and I'm satisfied it's been calculated in line with the scope of the review. So I find that no further refunds are due.

I also don't consider any further compensation is warranted, given our service has previously decided Miss A wasn't treated unfairly in respect of the lending on the credit card account. If that complaint wasn't upheld, then it follows that Barclaycard aren't responsible for the impact Miss A has claimed should have been compensated as part of the review. So the £75 already offered, for the potential distress and inconvenience suffered, is fair in the circumstances.

My final decision

My final decision is that I dismiss Miss A's complaint that Barclays Bank UK PLC irresponsibly lent to her on a credit card, and I don't uphold her complaint about the redress calculations following the review.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 30 July 2021.

Ryan Miles
Ombudsman