

## **The complaint**

Mr C complains Barclays Bank UK PLC (trading as Barclaycard) gave him a second credit card even though he had a credit card with them already and was struggling financially.

## **What happened**

Mr C had a credit card with Barclaycard which he says he used in full.

In March 2017 Mr C applied for a second credit card with Barclaycard and was given one with a credit limit of £10,000. His existing credit card had a limit of £3,000 at the time.

In 2020 Mr C complained to Barclaycard saying that it should have seen that he already had a credit card with them and was struggling. He said Barclaycard behaved irresponsibly issuing the second credit card as it was unaffordable, and that he had a gambling addiction at the time too. He said his bank statements would have shown he was making other payments to other creditors too.

Barclaycard looked into Mr C's complaint and said it didn't agree issuing the second credit card was unaffordable or irresponsible given the credit checks it had done. Barclaycard also said that it was Mr C's decision to use the card – all it had done was agree to give him an additional credit limit which didn't increase his debt levels. Mr C was unhappy with Barclaycard's response and so complained to us.

One of our investigators looked into Mr C's complaint and, having asked for additional information about his finances and circumstances at the time, said that they thought Barclaycard had lent irresponsibly. Our investigator thought that Barclaycard should have done more checks as his existing credit card with them showed he was charged an over limit fee in February and March 2017 and the balance on the card was made up mostly of cash advances. Our investigator thought that had Barclaycard done more checks, it would have seen that Mr C had opened a credit card elsewhere in November 2016 and would have seen from his statements that he was heavily reliant on his overdraft facility and was repaying other borrowing. Our investigator thought that would have led Barclaycard to come to the conclusion, given what was going on with Mr C's finances, that further borrowing was unsustainable.

Barclaycard disagreed saying that all the checks it had done showed the second credit card was affordable. Barclaycard asked for an ombudsman to look into Mr H's complaint. So that's what I've done.

### **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.

I can see that Barclaycard carried out a number of checks – including calculating Mr C's disposable income – and based on those checks it would have offered him more credit than it actually did. In this case, however, I don't agree that those checks were reasonable and proportionate. I say this because Mr C already had a credit card with Barclaycard and in the three months before he applied for the second card he'd not only gone over his limit but was also taking out a large number of cash advances which is typically a sign of financial difficulties. I agree with our investigator that this should have prompted Barclaycard to do additional checks beyond the ones they did as these were signs Mr H's finances were not in a good state – such checks would have been reasonable and proportionate.

Had Barclaycard carried out additional checks, I'm satisfied that it would have seen Mr C was not only relying on his existing overdraft and taking out borrowing elsewhere but was also repaying existing borrowing from a number of sources in addition to the issues he was having managing his existing credit card. More importantly, I'm satisfied that Barclaycard would have come to the conclusion that further lending was unsustainable. In other words, I'm satisfied that Barclaycard wouldn't have gone ahead and issued a second credit card to Mr C. So it's fair that he's put back into the position he would have been – in so far as that is possible – had Barclaycard not done so.

### **Putting things right**

Our investigator recommended the following steps, namely that:

1. Barclaycard should refund all the interest and charges Mr C has paid to date in relation to the second credit card so that a new starting balance consisting of only the amount lent is left.
2. Barclaycard should deduct any payments already made.
3. If, after Step 2, Mr C has already paid too much then the overpayment should be refunded, adding 8% simple interest. If there remains an outstanding capital balance, Barclaycard should ensure that it isn't subject to any historic or future interest and / or charges.
4. Barclaycard should amend Mr C's credit file to remove the second credit card.

I think the steps our investigator recommended are a fair and reasonable outcome to this complaint, so those are the steps I'm going to require Barclaycard to take in full and final settlement of this complaint. Barclaycard will have to agree an affordable repayment plan with Mr C if there is an outstanding balance.

### **My final decision**

My final decision is that I require Barclays Bank UK PLC to carry out the four steps outlined above in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 April 2022.

Nicolas Atkinson  
**Ombudsman**