

The complaint

Mrs B complains that Barclays Bank UK PLC trading as Barclaycard irresponsibly lent to her.

What happened

Mrs B's credit card account was opened in 1995. An initial credit limit of £750 was approved and was later increased as follows:

Date of increase	Increased from	Increased to
22 November 1996	£750	£950
23 June 1997	£950	£1,300
27 December 2007	£1,300	£2,300
25 July 2008	£2,300	£4,100
19 September 2013	£4,100	£8,100
13 May 2014	£8,100	£12,100
10 February 2015	£12,100	£14,500

The credit limit was later reduced in June 2021 to £6,750.

In October 2020 Barclaycard told Mrs B it had reviewed the way it set some of its customers' credit card limits and it had looked into whether the credit limit it had approved for her had been set too high. This prompted Mrs B to complain to Barclaycard as she thought Barclaycard hadn't done enough checks to ensure all the credit limits it provided were affordable to her.

Barclaycard said the letter was sent to many of its customers who it felt may have been affected by a technical fault they'd identified in their credit assessment model from April 2014 until February 2020. But Barclaycard said that having reviewed Mrs B's circumstances - like many customers, she wasn't impacted by the fault when it increased her limit in May 2014 and February 2015. But it offered Mrs B £75 compensation for the distress and inconvenience it had caused. It added that Mrs B's complaint about all the previous limit increases had been raised too late.

Unhappy with the outcome, Mrs B referred her complaint to this service. One of investigators looked into it and she contacted Barclaycard. It was ultimately agreed that this service could investigate all the credit limit increases it had provided to Mrs B. But, having done so, the investigator didn't think Barclaycard had done anything wrong. And so, she thought the £75 offered was fair.

Mrs B didn't accept the investigator's findings. In summary, she said: she didn't recall making more than minimum payments to her account; she was using balance transfers offered by other lenders to reduce her Barclaycard balance; she was now in persistent debt position with these other lenders; and, she has a debit consolidation loan with another lender. She says that had Barclaycard completed sufficient checks when it increased her credit limit it would have known she was in a spiral of debt.

The investigator considered Mrs B's comments, but she didn't think this altered the outcome she reached. She acknowledged Mrs B had other debts, but she said the credit reference agency data that Barclaycard had provided indicated that she was managing her finances well as there was no adverse data recorded by other lenders.

As agreement couldn't be reached, Mrs B's complaint has been passed to me to reach a final decision.

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.

Having done so, I've reached the same overall conclusion as the investigator for broadly the same reasons. I know Mrs B will be disappointed, so I will explain why.

In October 2020, Barclaycard told Mrs B it had undertaken an internal review of some customers' circumstances who had credit limits approved between April 2014 to the end of February 2020. Barclaycard have stressed that not all customers, who received a letter relating to the review, would have been impacted. But to ensure that all those impacted were identified, they reviewed all limits agreed during the affected period.

So, it's important to note that receiving one of these letters doesn't automatically mean Mrs B's credit limit that was set too high, or that the lending was unaffordable. Barclaycard has simply identified a period where its lending decisions could have been more robust – and it could be the case that the additional information they should have considered wouldn't have made a difference to their decision to lend, or to how much they were willing to lend to a particular consumer.

But I can understand why receiving the letter has prompted Mrs B to raise concerns about all the credit limit increases Barclaycard approved on her credit card account. So, I've considered the credit limits Barclaycard has approved for Mrs B.

Lenders have an obligation to lend responsibly. And though the rules on lending have changed over the years, all the rules and guidance refer to any checks being reasonable and proportionate. The checks will therefore vary but generally lenders need to consider such things as the amount being lent, how much must be repaid each month, the borrowers credit history and how the account has been managed.

Barclaycard hasn't been able to show what checks were carried out when it approved Mrs B's credit card in 1995 or when it increased her credit limit in 1996, 1997, 2007 and 2008. And it has only provided limited information for the subsequent limit increases from 2013. But as lenders are only required to keep information for six years, I don't think it's unreasonable that Barclaycard isn't able to provide further information.

Mrs B has provided some information about her income and outgoings at various points over the years. But much of what she's told us isn't supported by documentary evidence. And Mrs B has said that she has had trouble remembering all her details from so long ago. Again, this is understandable, but it does mean that I can't safely rely on Mrs B recollections from so long ago without documentary evidence. In addition, the credit report and bank statements Mrs B has provided only show information dating from 2015. So, they don't cover the period I'm looking at. Overall, this means that I have to base my decision on very limited information.

The original credit limit of £750 in 1995

There is no documentary evidence going back this far. So, I don't know what information was considered by Barclaycard when it approved Mrs B's credit card account application. However, as the limit was relatively small, and the account didn't default, I find it more likely than not this limit was affordable for Mrs B.

The limit increase from £750 to £950 in 1996

As with the above, there is no documentary evidence going back this far. However, at this point, the credit limit increase was still relatively small, and the minimum payment required each month would also have been quite low. And the account didn't default. So, I find it more likely than not this limit was affordable for Mrs B.

The limit increase from £950 to £1,300 in 1997

As with the above, there is no documentary evidence going back this far. But here, the limit increase was again relatively small, and the minimum monthly repayment wouldn't have increased significantly. And the account didn't default. So, I find it more likely than not this limit was affordable for Mrs B.

The limit increase from £1,300 to £2,300 in 2007

There is no documentary evidence about what Barclaycard did when considering this limit increase. Nor has Mrs B been able to evidence what her financial position was at the time. But I do have the credit card account statements for the lead up to this change.

And the statements do show signs of Mrs B struggling financially from 2004 until March 2007. But from March 2007 Mrs B was paying at least the minimum payment or more. So, by the time Barclaycard increased the credit limit at the end of 2007 Mrs B had been managing the account well for several months.

Also, Mrs B didn't use the additional credit within her new limit until July 2008, when she spent about £1,100 on what appears to have been a holiday. And while at or around her new credit limit, Mrs B paid the minimum payments (about £50 a month) or more. This suggests to me Mrs B wasn't reliant on credit and could afford to maintain the outstanding balance at the point the limit was increased.

There were also no signs of Mrs B using the account in a way not intended, or that she was struggling financially, in the lead up to the limit increase. For example, I can't see any gambling activity or a reliance on the account for day-to-day spending.

Based on the information available to me I find it more likely than not this limit was affordable for Mrs B.

The limit increase from £2,300 to £4,100 in 2008

There is no evidence about what Barclaycard did when considering this limit increase. Nor has Mrs B been able to show what her financial position was at the time. But I do have the account statements for the lead up to this change.

The statements show Mrs B managing the account well, with the statement for the month before the change showing a payment equal to five times the minimum payment being made.

Following the limit increase Mrs B went on to repay the balance on the account in full and account activity ceased until early 2013. When Mrs B's balance reached around her new limit (in 2014), she made the minimum payments (about £90 a month) and continued to do so, even when her balance increased to within her 2013 limit.

There were also no signs of Mrs B using the account in a way not intended, or her struggling financially, in the lead up to the limit increase. For example, I can't see any gambling activity or a reliance on the account for day-to-day spending.

Based on the information available to me I find it more likely than not this limit was affordable for Mrs B.

The limit increase from £4,100 to £8,100 in 2013

Barclaycard has been able to show some credit scoring data based on credit reference agency information it obtained when it approved this limit increase. The data suggests there were no known indications Mrs B would struggle with her new limit. But this data isn't very informative in understanding Mrs B's finances at the time.

Barclaycard hasn't been able to provide anything more about what it considered. Nor has Mrs B been able to show what her financial position was at the time. So, I've again looked at the credit card account statements in the lead up to this change.

The statements show Mrs B was managing the account well. Her payments were higher than the minimum payments required. When Mrs B's balance reached around her new limit (in 2015), she made the minimum payments (about £180 a month) and continued to do so.

There were also no signs of Mrs B using the account in a way not intended, or her struggling financially, in the lead up to the limit increase. For example, I can't see any gambling activity or a reliance on the account for day-to-day spending.

Based on the information available to me I find it more likely than not this limit was affordable for Mrs B.

The limit increase from £8,100 to £12,100 in 2014.

As above, Barclaycard has been able to show some credit scoring data based on credit reference agency information which suggests there were no known indications Mrs B would struggle with her new limit. But again, this data isn't very informative in understanding Mrs B's finances at the time.

Barclaycard hasn't been able to provide anything more about what it considered. Nor has Mrs B been able to show what her financial position was at the time. So, I've looked at the credit card account statements leading up to this change.

The statements show at the time of the increase Mrs B had a balance of about £3,600. So, she wasn't using even half of her previous limit. This doesn't suggest a reliance on credit. And Mrs B had been making at least minimum payments each month.

Mrs B didn't use her new limit until 2015, and then the balance only reached about £8,500. This required a minimum payment of about £190 a month, which Mrs B paid. The balance was soon reduced to below £8,100 and didn't exceed it again until 2017 when Mrs B appears to have transferred £4,600 from another card to this account on a promotional interest rate.

Following the balance transfer Mrs B had a balance of about £12,000. This required a minimum payment of about £270 a month, which Mrs B paid. And she paid the minimum payment each month until at least June 2021, which is the latest statement I have.

There were also no signs of Mrs B using the account in a way not intended, or her struggling financially, in the lead up to the limit increase. For example, I can't see any gambling activity or a reliance on the account for day-to-day spending.

Based on the information available to me I find it more likely than not this limit was affordable for Mrs B. In any case, if it wasn't, I consider the ability to make the balance transfer on a promotional interest rate likely benefited Mrs B overall, meaning there would be no detriment.

The limit increase from £12,100 to £14,500 in 2015

Mrs B balance never exceeded the earlier £12,100 credit limit and her limit has since been reduced. I therefore don't need to make a finding here as this limit increase had no material impact on Mrs B.

Based on the limited information available to me, for the reasons given above, I find it more likely than not that the credit limits approved were affordable for Mrs B. So, I'm not going to ask Barclaycard to take any further action in respect of this complaint.

Barclaycard has previously offered B compensation of £75 in recognition of the distress and inconvenience caused to Mrs B. As I find it most likely that the credit limits provided to Mrs B were affordable or didn't have a material impact on her, I'm satisfied that £75 compensation fairly reflects any worry caused. Barclaycard has indicated that its offer is still available. If Mrs B wishes to accept the offer, she will need to contact Barclaycard in that regard.

My final decision

For the reasons given above, I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 1 December 2022.

Sandra Greene
Ombudsman