

The complaint

Mr K complains that Barclays Bank UK PLC unfairly declined an application for a reward credit card.

What happened

In July 2021 Mr K applied for Barclays' reward credit card, but he was declined. He was told this was because he held a credit card which migrated over to Barclays in 2008 and its system wouldn't allow an upgrade. Mr K felt this was unfair, so he raised a complaint.

Barclays says that Mr K was declined because the rewards card is only available to new customers. It only allows customers to have one credit card at any one time, so as Mr K already has a credit card with Barclays, he isn't eligible for another one. It says Mr K was given incorrect information when he was told it was because he had a migrated account.

Barclays says that if Mr K had used the eligibility checker prior to applying for the rewards card, he would've been made aware that he wasn't eligible due to being an existing customer. Our investigator felt this information should've been more readily available on the application, so she asked Barclays to remove any searches from Mr K's credit file – which Barclays agreed to.

Our investigator also felt that compensation should be paid. Barclays has offered £100 compensation for the incorrect information Mr K was given. But it says Mr K was correctly advised that he isn't eligible, it was only the reason why he was ineligible that was incorrect. So it didn't think it should do more than that – and our investigator agreed.

Mr K still feels this is unfair. He says existing customers shouldn't be prevented from accessing products that are available to new customers. As he didn't accept the findings of our investigator, the complaint has been passed to me for 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.

Mr K applied for the rewards card online. I can see that the website gives applicants the opportunity to "apply now" or "check eligibility". The website says *"before you apply, check if you're eligible – it won't affect your credit rating"*.

Barclays say there is no record of Mr K using the eligibility checker. If he had, he would've been asked *"do you have a Barclaycard, or have you had one in the last six months?"*. If answering yes, a warning in red appears which says *"unfortunately, you're not eligible for a Barclaycard"*.

Barclays is free to decide how to set its lending criteria and part of this is that it only allows one credit card account per customer. As Mr K already has a credit card with Barclays, he wouldn't be eligible for another one.

I agree with our investigator that this requirement could've been made clearer during the application process. Whilst it's made clear in the eligibility checker, this part of the process isn't mandatory, and many customers may choose to bypass this if they're not aware of any reason that may prevent them from being approved.

For this reason, I think it's fair that Barclays removes any record of this application from Mr K's credit file. I say this because I'm persuaded that if Mr K had been made aware of the criteria, he wouldn't have applied. I understand Barclays has already agreed to do this and has sent instructions internally. If Mr K finds that anything remains on his credit report regarding this application, he should inform Barclays so that it can take the appropriate action to remove it.

Barclays has also agreed to pay Mr K compensation of £100. This is in acknowledgement that it could've made the criteria clearer and because it gave Mr K incorrect reasons why his application was declined. I think this is fair in the circumstances taking into account the impact this had. I'm not aware of any loss or inconvenience Mr K would've been caused, but I do acknowledge that he would've been concerned that he'd been declined due to having a migrated account.

Mr K was not eligible for this card and I'm satisfied this application was treated correctly and fairly in line with the lending criteria. I'm satisfied that it's up to Barclays to decide what offers are available for existing and new customers and that it's not obliged to offer existing customers the same offers that are available for new customers. So whilst I appreciate Mr K's disappointment here, I'm not persuaded Barclays has done anything wrong or unfair that requires it to do anything more than what's been offered.

My final decision

Barclays Bank UK PLC has already made an offer to pay £100 compensation to settle the complaint and to remove any record of this application from Mr K's credit file. I think this offer is fair in all the circumstances.

So my decision is that Barclays Bank UK PLC should pay £100 and remove the application from Mr K's credit file – if it hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 April 2022.

Sheryl Sibley
Ombudsman