

The complaint

Mrs W complains that Barclays Bank UK PLC, trading as Barclaycard ("Barclaycard"), irresponsibly granted her a credit card she couldn't afford to repay.

What happened

In January 2018 Mrs W entered into an agreement with Barclaycard to have access to credit by way of a credit card account. Mrs W was given an opening balance of £3,800.

Mrs W says that Barclaycard didn't complete adequate affordability checks when it opened her credit card account. She says she was already struggling financially at the time.

At first Barclaycard didn't agree. It said that it carried out a reasonable and proportionate assessment to check Mrs W's financial circumstances before granting her the credit card account.

After our adjudicator looked into the complaint, Barclays reviewed the complaint again. Having done so, it found that it ought not to have approved Mrs W's application and offered to compensate Mrs W from the date of the card opening and remove any negative data from her credit file.

As Mrs W had some concerns about the offer, the complaint has been passed to me for an ombudsman's 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.

Barclaycard will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Barclaycard has offered to refund all interest and charges from the opening of the account. This will have the effect of reducing the current outstanding balance. It will also remove any negative data relating to the account from Mrs W's credit file. The account will then be closed, leaving a balance that Mrs W will still need to pay.

I have considered the terms of the offer. I can see that it's in line with the redress we ask businesses to pay and reflects the particular circumstances of the account. As there is still money owing on the account, Mrs W wouldn't be due any interest. The position would be different if Mrs W had a credit balance.

Generally speaking, this service does not ask businesses to write off remaining balances on accounts. When upholding a complaint, it is also usual for us to recommend that any interest

and charges are used to pay off in whole or part any remaining balances on the relevant account. This is fair and reasonable given that the consumer has already had the benefit of the money they spent.

It follows that I consider Barclaycard's offer to be fair and reasonable given the circumstances of this complaint.

I would however expect Barclaycard to continue to act with appropriate forbearance in seeking to assist Mrs W in her efforts to find a fair and manageable way to pay back the balance that is still owing on her account.

Putting things right – what Barclaycard needs to do

- Rework Mrs W's account to ensure that from its opening in or around 17 January 2018 onwards interest is only charged on balances up to the total credit limit of £3,800 (being the opening credit limit) to reflect the fact that the credit should not have been provided. All late payment and over limit fees should also be removed; and
- The resulting credit balance should be refunded and used to reduce the outstanding balance on the account.
- Given that an outstanding balance will remain on the account once these adjustments have been made, Barclaycard should contact Mrs W to arrange an affordable repayment plan for the account.
- Barclaycard will also remove any adverse information relating to this account from Mrs W's credit file.

My final decision

I'm upholding Mrs W's complaint and require Barclays Bank UK PLC, trading as Barclaycard, to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 15 September 2022.

Michael Goldberg

Ombudsman