

The complaint

Mr R complains that Barclays Bank UK PLC, trading as Barclaycard ("Barclaycard"), irresponsibly granted him a credit card he couldn't afford to repay.

What happened

In February 2017 Mr R entered into an agreement with Barclaycard to have access to credit by way of a credit card account. He was given a credit limit of £800.

Mr R says that Barclaycard didn't complete adequate affordability checks when it opened his credit card account. He says he was already struggling financially at the time.

Barclaycard didn't agree. It said that it carried out a reasonable and proportionate assessment to check Mr R's financial circumstances before granting him the credit card account.

Our adjudicator didn't recommend the complaint be upheld. She said that Barclaycard carried out proportionate checks.

As Mr R didn't agree 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.

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.

Account opening

Before opening the account, I think Barclaycard gathered a reasonable amount of evidence and information from Mr R about his ability to repay. I say this because it completed credit and affordability checks which showed no adverse information. Barclaycard also relied on Mr R's declared income of £18,500. It then verified this information using statistical data to work out Mr R's monthly income, which was estimated at around £1,300. Based on that, Barclaycard estimated Mr R's monthly expenditure as being around £550 per month, leaving him with around £700 of disposable income per month. However, just because I think it carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed.

I've also reviewed the information and evidence Barclaycard gathered. Having done so I'm satisfied that the checks that were completed showed that at the time of the account opening the agreement was likely to be affordable to Mr R. I've seen that Barclaycard also looked into Mr R's existing borrowing commitments and could see that these appeared to have

been adequately managed with no evidence of having got into recent financial difficulties. The bank statements Mr R sent us from the three months before the account was opened shows Mr R's income as being consistent with the information Barclaycard relied upon. I note he was making some loan repayments as well as making payments to a mobile phone account.

Did Barclaycard act unfairly or unreasonably in some other way?

Mr R says he had numerous payday loans as well as a severe gambling problem. From the evidence and information I've seen, Mr R wasn't making use of payday loans at the time he opened the account. And whilst I've seen from the bank statements Mr R sent us that he was using gambling sites in the months leading up to his account being opened, I agree with our adjudicator that this isn't something I'd expect Barclaycard to have been aware of from the checks it carried out. Taking into account the level of opening credit, I also don't consider that Barclaycard necessarily had to carry out further checks before approving the card. I therefore agree with our adjudicator that Barclaycard didn't act unfairly when approving the finance application. It follows that it doesn't need to do anything more.

Finally, Mr R has told us about complaints he has made to other lenders where the lenders have agreed to offer compensation. I can't comment on those as I don't know the details of each complaint or the particular circumstances in which compensation was offered. As a service, we consider each complaint based on its specific facts and circumstances. Whilst I'm sorry to disappoint Mr R on this occasion, I'd like to reassure him that I've carefully considered all the evidence and information he's given us about this complaint but I don't think Barclaycard acted unfairly.

My final decision

For the reasons set out above, I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 September 2022.

Michael Goldberg
Ombudsman