

The complaint

Mr W complains that Barclays Bank UK PLC trading as Barclaycard increased the credit limit on his credit card when he couldn't afford the repayments. He also said that Barclays failed to take account of his gambling problems, though he used it for gambling.

What happened

Mr W took out a credit card with Barclays in June 2006, with an initial credit limit of £4,300. Barclays altered the credit limit on Mr W's credit card as follows:

September 2006 decrease to £4,140.

August 2008 increase to £5,640.

March 2009 decrease to £4,200.

February 2010 increase to £5,200.

July 2014 increase to £7,700.

March 2015 increase to £8,700.

February 2016 decrease to £6,050.

January 2017 decrease to £4,600.

Mr W complained that the credit limit increases were irresponsible. He said there were a lot of irregular high cost transactions on his account. In particular he was spending thousands on gambling over dozens of transactions. He feels that it should have been clear from the management of his account that he had had a gambling/money management problem for many years. As a result his borrowing has put him in ever increasing debt.

Barclays advised that it had limited information concerning the credit limit increases before July 2014. It can say that Mr W passed the required checks. It was aware that he had used the card for gambling but there wasn't anything to indicate that he had been doing so irresponsibly. He managed his card well and paid the required payment each month. With regard to the July 2014 and March 2015 increases, Mr W met its lending criteria and passed all the required checks at the time.

On referral to the Financial Ombudsman our investigator didn't uphold the complaint. Mr W challenged this and pointed out that he had been successful in complaints about his bank for lending him money when they would have been aware of his gambling problem. He asked that we review his bank statements

Our investigator did this but said that although gambling transactions appeared on his bank statements Barclays wouldn't have been aware of this as there was no indication in the checks it carried out that would have alerted it to consider such statements.

Mr W asked for an ombudsman's decision and the matter has been passed to me for further consideration,.

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.

Considering the relevant rules, guidance, and good industry practice, I think the questions I need to consider in deciding what's fair and reasonable in the circumstances of this complaint are:

- Did Barclays complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit advanced in a sustainable way?
- If not, would those checks have shown that Mr W would have been able to do so?
- Bearing in mind the circumstances at the time of each application, was there a point where Barclays ought reasonably to have realised it was increasing Mr W's indebtedness in a way that was unsustainable or otherwise harmful and so shouldn't have provided further credit?

In this particular case I have to consider whether Barclays should have taken more action in respect of Mr W's gambling problems. I have to take into account that although there have been rules about irresponsible lending for many years, requirements for banks or credit card companies to offer support have only really been around since the Consumer Credit (CONC) Rules first issued by the FCA (Financial Conduct Authority) in 2014. This is shown by the fact that a number of businesses started offering to block any gambling transactions on current accounts. And that from April 2020 credit cards can no longer be used for gambling transactions. However before 2014 there would have been a general duty to take account of vulnerable customers.

I must bear in mind also that as Mr W's complaint concerns matters that are up to sixteen years old there is limited information that Barclays can provide as to its affordability checks before the 2014 and 2015 increases in credit limit, and in respect of Mr W's application for a credit card.

I'll deal with the application for a card, and the credit limit increases and decreases in turn. Where I refer to dates of transactions on the card, this is either the date of the statement or the date of the transaction.

application June 2006

According to Barclays' information, Mr W had an annual salary of £18,000, and two credit cards, one with a nil balance and the other with a balance of £2,395. The limited information available shows his credit card payments were up to date. He had no other loans or credit, so he was found to be suitable for a card with a limit of £4,300. Mr W has provided copy bank statements though none go back as far as this. I understand that Mr W had been gambling and he'd used his other credit card for this. But as the evidence from Barclays shows that his credit card account was in order and his bank account wasn't overdrawn, it would only be if the bank account was continually overdrawn that we might have expected Barclays to do further checks. As it is, I don't think Barclays could have been expected to know about Mr W's gambling problems before issuing the credit card.

decrease in September 2006

In August 2006 Mr W used the card to carry out £950 of gambling transactions, with a lot of cash withdrawals as well. In September he had £520 gambling transactions. Barclays reduced his credit limit which effectively meant he wouldn't have been able to use the card unless he paid back substantial amount. I assume that this reduction was a direct reaction to his use of the card in August and September 2006. And it appears to have been a reasonable step to take. Barclays didn't take any other action at the time, though as I've said there wasn't any specific duty for businesses to be alert to gambling problems then. Mr W kept his card within limits.

increase in August 2008

This was an increase to £5,640 from the previous reduced limit of £4,140. Again there is only limited information concerning this increase. Though I can see from Mr W's statements that he had kept his account in order. He had used his account for gambling but only for small amounts. The maximum he spent on gambling in any one month was £195 in June 2007, though usually it was much less than this. I don't think that it would have been evident he had a gambling problem. And as his account was in order and he passed the credit checks (though appreciating no detail of these is now available) I have to say from the evidence available that this increase appeared to be affordable.

decrease in March 2009

This was from £4,640 to £4,200. Mr W incurred £1,600 in September and £3,000 in October 2008 in gambling transactions meaning he used up most of his increased credit limit. It's difficult to see what Barclays could have done at this stage. Mr W was still within his credit limit and kept paying the monthly payments. In March 2009, Barclays took action to decrease his credit limit, which I think was a reasonable step to take.

increase in February 2010

This was from £4,200 to £5,200. Again there's limited information, but it appears that Mr W's accounts were in order. And he hadn't used the card for gambling after October 2008 until November 2009 (£75) and January 2010 (£150). Though I do note that the month after this increase Mr W spent £720 on gambling. If Mr W was using his other credit card or his bank account for gambling there's no evidence this would have come to Barclays' attention. From the limited evidence I've seen, I think this increase was reasonable.

increase in July 2014

This was a big increase, to £7,700. But since the previous increase Mr W had been using his credit card very little and there were very few gambling transactions, the maximum amount in any one month being £115. The credit checks showed Mr W had kept up to date with his loans/credit. The credit bureau had assessed Mr W's risk of default at 0.52. Barclays says a consumer is appropriate for an increase if this score is below 6%. In addition he had maintained his account well. With little evidence of recent gambling I think this decision was reasonable.

increase in March 2015

This was a further £1,000, to £8,700. Mr W used his account for gambling once in 2011, twice in 2013 and once in 2014, in June, for £50. Again the credit check showed Mr W had kept up-to-date with his loans/credit. His risk of default was assessed at 0.38%. So again I think this was reasonable.

decrease in February 2016

This was to £6,050. it would appear to be a direct result of Mr W using his card in January 2016 to fund £500 of betting and a substantial sum on gaming (counted as cash transactions), bringing his balance up from £1,029 to £5,228. Though before that he hadn't used his card for gambling. It has to be a judgement call on the part of Barclays whether it should have approached Mr W about his gambling. I think it took the right decision to reduce his limit and as he hadn't spent, on this card, substantial sums on gambling since 2010, I can't say that Barclays should have taken any other steps

decrease in January 2017

This was to £4,600. I note that Mr W had spent £215 on gambling in February 2016 and used the card for this in July (£100) October (£50), November (£50) and December (£500). I assume it is the last transaction which triggered this decrease which again I think was a reasonable step to take.

after 2017

Mr W continued to use his card sporadically for gambling and/or gaming. The highest amount used for gambling was for £391 in November 2018, and this was the last time he used the card for gambling. From April 2020 he could no longer use the card for gambling in any event.

overall

Looking at the way he used his card, I do note that Mr W used his card for gambling substantial amounts of money from time to time. But I don't think that the amount of times he spent large amounts justified any intervention other than to take the sensible precaution of decreasing his credit limit. I appreciate that Mr W did use his card for cash transactions but those wouldn't automatically lead to Barclays thinking he was gambling too much. And in any event over the years he mostly kept his card within limits and made the minimum payments or more. I understand that he was using his other credit card and his bank account for gambling. But there wasn't anything in the checks Barclays did to indicate that it should have looked at Mr W's financial circumstances in more detail.

Bearing in mind the lack of information before 2014 (and Barclays isn't required to retain information beyond six years) and the evidence produced by Barclays and Mr W I think that Barclays made reasonable decisions in increasing (and decreasing) his credit limit.

In respect of Mr W's point that he successfully complained to his Bank about his loans, I think the way current and credit card accounts are used are quite different. As he would have used his bank account for everyday spending and his salary would have been paid into that account, it would be easier to detect spending patterns which might mean he wasn't managing his finances well. And the other credit card he had was issued by his bank so it would have had access to that in making its lending decisions.

My final decision

I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 October 2022.

Ray Lawley
Ombudsman