

## **The complaint**

Mr M complains that Tesco Personal Finance PLC trading as Tesco Bank increased the credit limit on his credit card without checking his ability to afford it, and that it took no action concerning his gambling.

## **What happened**

Mr M's credit card with Tesco was opened in April 2015 with a limit of £5,400. In January 2017 it was increased to £5,900, then in February 2017 to £7,400. Both increases were requested by Mr M. He made all the payments due (frequently more than the minimum) until September 2018 when he had been advised by a debt advice charity and he set up a repayment plan.

Mr M complained that due to health issues and problems he had with gambling he'd been unable to afford the increases in the limit. He further complained that Tesco took no action when it would have seen he was carrying out substantial gambling transactions on his account.

Tesco said that it had carried out the appropriate checks at the time of allowing him the credit limit increases. It said that before the credit limit increases he wasn't using his card for gambling. In respect of later gambling it explained that, at the time, it couldn't discriminate against him and not allow gambling transactions. Up until September 2018 he had kept his account in good order so it didn't see the need to take any action.

On referral to this service our investigator said that the checks carried out at the time of the increases appeared to show the limit increases were affordable to Mr M. In respect of subsequent gambling she noted that he had managed his account well, despite spending substantial amounts on gambling until September 2018. So she said that Tesco didn't need to do any more.

Mr M disagreed, 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 Tesco complete reasonable and proportionate checks to satisfy itself that Mr M would be able to repay the credit advanced in a sustainable way?
- If not, would those checks have shown that Mr M would have been able to do so?
- Bearing in mind the circumstances at the time of each application, was there a point

where Tesco ought reasonably to have realised it was increasing Mr M's indebtedness in a way that was unsustainable or otherwise harmful and so shouldn't have provided further credit?

- Should Tesco have taken further action when it saw that he was using the card for gambling?

Mr M complains about the increases in credit limit that Tesco provided, at his request in January and February 2017. He says that bearing in mind his health and gambling problems he was in increasing debt which he couldn't afford to repay.

At the time of providing both credit limit increases (£500 and £1,500), Mr M hadn't carried out any gambling on his card. Also there's no indication that Tesco was made aware of Mr M's health problems before September 2018. The checks carried out showed he had a net income of around £2,667 a month. The credit searches showed Mr M had no IVAs, CCJs or debt management plans and his external borrowing was £10,418 in January 2017 and £10,180 in February 2017. I think it was reasonable to assess that the increases in the limit were affordable. On the face of it those checks didn't reveal anything untoward or any indication that Tesco should have carried out further checks. Thus if Mr M had gambling debts on other credit cards or his bank account this wouldn't have shown in the checks Tesco carried out. His Tesco credit card account was also well managed.

Considering the amount of increase in the limit and the way Mr M had managed his account up until the time of his requests for these increases, I think that the checks carried out were reasonable and proportionate. So I think Tesco acted fairly in providing the increases to the limit.

As for whether Tesco could or should have taken any action in respect of his gambling, I've noted after February 2017 Mr M did spend considerable amounts on gambling. This amounted in total to about £18,500 over eighteen months (including a transaction in December 2017 for £1,800 which was immediately refunded by the betting company).

However I've noted in that time that Mr M kept well within his credit limit, except in the August 2018 statement when it increased to £7,100 out of the £7,400 limit. However by that time he had approached the debt advice charity. At the time of the first increase he had transferred a balance of £1,400 from another account for which he would have got a preferential rate of interest. And at one stage, in September 2017, he paid off the entire balance (by card so no indication of a loan). And he did then from time to time pay off large amounts.

So although Mr M was spending a lot on gambling there was no indication from his credit card account and the way it was run that he was in financial difficulties. If Tesco had taken action to reduce the credit limit for example I don't think that would've affected the way Mr M was using the card. And it could have given him advice about agencies or activities who could have helped him with debt or gambling problems. I don't know whether that might have prompted Mr M to take any earlier action. However I don't think again from the way the account was run that Tesco would have been able to say that Mr M's gambling was causing him problems.

So I think that Tesco acted appropriately in respect of Mr M's gambling and in providing the credit limit increases.

### **My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 October 2022.

Ray Lawley  
**Ombudsman**