

## **The complaint**

Miss K says Barclays Bank UK PLC trading as Barclaycard ("Barclaycard") irresponsibly lent to her.

## **What happened**

This complaint is about a credit card provided by Barclaycard to Miss K.

The account opened in 2011. Barclaycard has suggested the opening of the account and any credit limit increases up to June 2015 cannot be looked at by us as they are out of our jurisdiction. This was looked at by our investigator, who found that we could not consider those complaints. Both parties to the complaint agreed to that finding, as do I.

So the unaffordable lending complaint that could be looked at was the three credit increases that happened in July 2015 when the credit limit rose from £5,000 to £6,500, March 2016 when the credit limit rose from £6,500 to £8,500 and August 2018 when the credit limit rose from £8,500 to £9,500.

Our investigator upheld Miss K's complaint. She thought that Barclaycard ought not to have offered the credit limit increases it did, starting from the credit limit increase in July 2015. Barclaycard agreed and offered to repay the standard redress. Miss K accepted the redress as described in our investigator's assessment and the case closed. So, in the absence of any argument about the merits of the complaint, I propose to say nothing more about them in this decision.

The case reopened when Miss K was disappointed to find that the redress only applied to a return of interest and charges for times the credit card balance was over £5,000, which hadn't been specified in the investigator's assessment. Miss K believes that the redress ought to be the return of all interest and charges.

So, the case has passed to me to see what the correct redress should be, or whether Miss K should receive money in excess of the redress that has already been calculated and applied to her account.

## **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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right

outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

When our investigator explained that we couldn't consider the lending decisions that had taken place before 2015, that was correct. And it meant that when we came to look at potential unaffordable lending decisions that happened from July 2015 onwards, we had no reason to say those earlier lending decisions were unreasonable. And so, when our investigator upheld Miss K's complaint about unaffordable lending, she was doing so only for the credit limit increases in July 2015, Mar 2016 and August 2018.

The investigator's suggested redress in her assessment wasn't as clear as it could have been. Barclaycard raised that with her before calculating redress. Since then, our investigator clarified what the redress should have been with Miss K before the case came to me to decide, that is that interest and charges for balances over £5,000 should be returned to Miss K. The full redress is below and is our standard redress for a case like this.

### **Putting things right**

The purpose of redress is to put the consumer back in the position they would have been in had the unreasonable lending (in this case) not happened. And that's why the redress award is for borrowing over the credit limit of £5,000. Because the assessment sets out why the credit limit increase to £6,500 and above was unreasonable.

As I don't think Barclaycard should have increased Miss K's credit limit to £6,500 in July 2015 from the previous credit limit of £5,000, I don't think it's fair for it to apply any interest or charges on any balances which exceeded the existing credit limit of £5,000. However, Miss K has had the benefit of all the money she spent on the account, so I think she should pay this back. Therefore, Barclaycard should:

- Rework the account removing all interest and charges that have been applied to balances above £5,000.
- If the rework results in a credit balance, this should be refunded to Miss K along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. Barclaycard should also remove all adverse information recorded after 7 July 2015 regarding this account from Miss K's credit file.
- Or, if after the rework the outstanding balance still exceeds the amount of redress so calculated, Barclaycard should arrange an affordable repayment plan with Miss K for the remaining amount. Once Miss K has cleared the outstanding balance, any adverse information recorded after 7 July 2015 in relation to the account should be removed from her credit file.

\*HM Revenue & Customs requires Barclaycard to deduct tax from any award of interest. It must give Miss K a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

I think that this is the correct redress for this case. So, I think that Barclaycard should put things right as detailed above. If it has already done this, then Barclaycard would have no further redress to make to Miss K.

### **My final decision**

For the reasons set out, I'm upholding Miss K's complaint. Barclays Bank UK PLC trading as Barclaycard should put things right in the way set out above.

I make no further award against Barclays Bank UK PLC trading as Barclaycard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 13 December 2022.

Douglas Sayers  
**Ombudsman**