

## **The complaint**

Miss M complains that Barclays Bank UK PLC trading as Barclaycard was irresponsible in its lending to her.

## **What happened**

Miss M took out a credit card with Barclaycard in August 2012. The initial limit of £6,800 was reviewed and increased in December 2014 to £10,800. The limit was decreased in 2016 to £9,200 and increased again to £12,200 in August 2018.

In February 2021 Miss M raised a complaint with Barclaycard about the decisions to increase the credit limit. Miss M says Barclaycard didn't properly assess her financial situation before increasing her limit on both occasions and she experienced financial difficulty as a result of its irresponsible lending. Barclaycard investigated the complaint and issued a final response letter in April 2021 saying it wasn't upholding Miss M's complaint.

Miss M referred her complaint to our service. Barclaycard objected to us looking at the first credit limit increase in 2014. It said Miss M had referred her complaint to the service outside the time limits that apply. It did however say we could consider the 2018 lending decision, which an investigator looked into and found Barclaycard acted fairly in granting the increase.

The investigator agreed with Barclaycard's view that Miss M had brought part of her complaint too late. Miss M did not agree with this and asked for an ombudsman review as she wanted her whole complaint considered. I issued my jurisdiction decision on 7 November 2022 explaining why we could consider the initial increase in 2014. Miss M's case was passed back to the investigator who looked into the 2014 increase and found that it this increase was also fairly provided by Barclaycard.

Dissatisfied with the investigator's review of the merits of her complaint, Miss M asked for her complaint to be reviewed by an ombudsman.

## **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.

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 and I've taken that into account when considered Miss M's complaint. I know this will come as a disappointment to Miss M, but having done so, I've come to the same conclusion as our investigator. I'll explain why.

Barclaycard needed to take reasonable steps to ensure it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss M could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts, Miss M's borrowing history and her income and expenditure.

But there isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Miss M hasn't raised concerns about Barclaycard's decision to provide her with the credit card. So, I will focus my decision on the two credit limit increases.

### ***2014 credit limit increase***

Barclaycard hasn't provided much information about the checks it did when it approved this credit limit increase. But due to the time that has passed I don't think this is unusual as businesses aren't required to hold information for more than six years. But it does mean that I have to base my decision on limited information.

So, I've looked at the information I do have – primarily Miss M's credit card account statements. Having done so, while I can see that there was significant spending, Miss M did not exceed her existing limit, and in the months prior to the increase she had made significant progress in reducing the overall balance on the credit card. For example, in September 2014, Miss M made a payment of £3,500 towards her balance, almost halving the amount she owed. In general, the spending on Miss M's card and current account at the time didn't show any signs of her using the accounts in a way not intended, or that she was struggling financially. For example, I can't see any evidence of gambling activity or cash withdrawals on her credit card. And although Miss M was close to the limit on occasion, she wasn't using all her available credit and was occasionally making repayments above the minimum required.

I've also looked at Miss M's credit file. And this doesn't show any new defaults or county court judgements. There also isn't anything within it to show Miss M had issues with managing credit elsewhere.

This all suggests to me that Miss M wasn't reliant on credit and could afford to maintain the outstanding balance at the time the credit limit was increased. So, based on the information available to me, I find it more likely than not that this credit limit was affordable to Miss M.

### ***2018 credit limit increase***

In 2016 Miss M's credit limit was decreased to £9,200. It was then increased to £12,200 in August 2018.

Barclaycard says it received data from a credit reference agency before it approved this credit limit increase which it then matched against its lending criteria. Barclaycard says this data suggests there were no known indications Miss M would struggle with her new limit. But looking at the data I can see it isn't very informative in understanding Miss M's actual financial situation at the time.

Barclaycard hasn't been able to provide anything more about what it considered. So, I've again looked at the credit card account statements in the lead up to this change as well as Miss M's current account statements to ascertain whether Miss M was able to afford the increase provided.

The statements show Miss M was generally managing her accounts well. Miss M says she had an income of roughly £22,000, and her current account statements, along with Barclaycard's noted income for her, broadly support this. There were also no signs of Miss M using the credit card account in a way not intended, or her struggling financially, in the lead

up to the limit increase. For example, I can't see any gambling activity or a reliance on the account for day-to-day spending. Miss M's current account also shows the general day to day spending you would expect to see on a current account.

I do note there being various lines of credit being used by Miss M at the time her limit was increased. This is supported by the information I've seen in her credit file, which shows a new loan was taken out with Barclays earlier in 2018. But, significantly, the information shows Miss M was able to meet the repayments on the existing commitments she had with her income. Even when Miss M went into her overdraft on her current account, it was cleared swiftly once she received her salary. The minimum monthly repayment on the card if Miss M was to use the entire £12,200 limit was roughly £280 a month. Based on the information I have seen I think it was fair for Barclaycard to find that Miss M would've been able to meet this commitment.

Miss M says the increase to £12,200 wasn't appropriate given she wasn't earning much more than the credit limit at the time. Miss M's income would've been one of many factors taken into account by Barclaycard when making its decision. Overall, it appeared that Miss M was generally managing her finances satisfactorily at the time the limit was increased.

Miss M has also explained the reason she kept up with repayments was because she worked in the financial sector, and regular credit checks were carried out due to her role. I understand Miss M's employment will have heightened the importance of her meeting her financial commitments. But this doesn't mean Barclaycard lent irresponsibly.

Based on the information I've seen I think the credit limit increase was affordable for Miss M. Miss M didn't demonstrate any obvious signs of financial difficulty or over indebtedness, so I don't think Barclaycard has acted unfairly in approving this credit limit.

I am sorry to hear of Miss M's struggles with her finances. I appreciate the outstanding balance is an on-going worry for her. Barclaycard has asked Miss M to get in touch so it can discuss her options going forward. And I would urge her to do so.

I know my decision will not be the outcome Miss M was hoping for and she will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Barclaycard to take any action.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 2 January 2023.

Chandni Green  
**Ombudsman**