

The complaint

Mr D complains that Barclays Bank UK PLC trading as Barclaycard was irresponsible in its lending to him.

What happened

Mr D was provided with a Barclaycard in February 2019. The credit limit was £1,900 and this didn't change in the period up to Mr D's complaint. Mr D says that he shouldn't have been provided with the lending as he was struggling financially at the time and that the high interest and charges made his situation worse.

Barclays issued its final response letter in January 2023. It credited Mr D's account with £25 in acknowledgement of the poor service he had experienced but it didn't uphold his complaint in regard to unaffordable lending. It said that before lending it carries out a credit check and there was nothing to suggest Mr D was experiencing financial difficulties and the information received showed he was managing his other accounts well. It said that interest charged on the account was in line with the terms and conditions.

Our investigator didn't uphold this complaint. He didn't think he had seen sufficient evidence to say that Barclays should have considered the lending unaffordable.

Mr D didn't agree with our investigator's view. He provided information showing an arrangement in place with two payday loan companies. He said his finances were not in order at the time the Barclaycard was provided. And had adequate checks been carried out Barclays would have seen his high level of debt and the numerous accounts he had opened in the previous months.

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.

Barclays 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.

Before providing the credit card, Barclays gathered information about Mr D's income and carried out a credit search. I have looked through the results of the credit search and these show that Mr D had four other credit cards at the time. These were all taken out in 2018 with one being taken out a couple of months before Mr D was provided with the Barclaycard. Although taking out multiple credit cards within a relatively short space of time could raise concerns, I note that Mr D was managing these accounts and there was no adverse information recorded. Additional to the credit cards, Mr D had three mail order accounts, two mortgage/secured loan accounts and an unsecured loan. I note Mr D's comment about his payment arrangements but based on the credit search results these showed he had taken out several payday loans in 2015 and 2016 but that these had been settled (aside from one

outstanding balance of £296). Mr D's credit search didn't suggest he was struggling to manage his accounts at the time of his application and so I do not find that the information received through the credit check alone meant Barclaycard shouldn't have provided the credit card. But it was important to assess the affordability of any additional credit given Mr D's existing commitments.

Mr D's income was recorded as £32,000 a year (equivalent to a net monthly income of around £2,100) and I find it reasonable that this information was relied on. Based on his credit report, his repayments for his mortgages and loan were just under £900 a month. Additional to this he was paying for utilities and his credit card and mail order accounts. However, taking this all into account and factoring in an amount for his other living costs, I do not find that the information suggests the Barclaycard with a credit limit of £1,900 should have been considered unaffordable.

Mr D has also said the interest and charges were too high. I understand why he is upset by the cost of the lending but as the interest and charges were applied in line with the account terms and conditions, I do not find I can say that Barclaycard did anything wrong.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 June 2023.

Jane Archer
Ombudsman