

The complaint

Mr W complains that TSB Plc, trading as TSB Bank ('TSB'), irresponsibly gave him a credit card account that he couldn't afford.

What happened

Mr W was granted his credit card account in September 2021. The opening credit limit was £2,500. It was never increased.

Mr W has complained to TSB to say that the account shouldn't have been opened for him because it wasn't affordable and that TSB ought to have already had a good enough understanding of his financial circumstances before opening the credit card to see that.

Our adjudicator did not recommend that the complaint be upheld. Because Mr W doesn't agree, the complaint has been passed to me to decide.

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.

TSB 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.

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".

Mr W's complaint is that TSB made credit available that was unaffordable at a time when he was already holding a large amount of debt. TSB has explained that it relied on the information Mr W provided at the time of making his application to assess affordability as well as information it already had about other lending products he'd taken. This included details about his income and housing status – he didn't have a mortgage at the time. TSB also carried out a credit search in Mr W's name to assess Mr W's level of debt and to understand how he had been managing that debt. With all that information and using their own scoring metric, TSB decided to agree to grant the credit card.

TSB had previously provided Mr W with two substantial loans – first in November 2020 and then in February 2021. He also had a £3,000 overdraft with his current account. TSB also checked Mr W's credit file at the time of the loan application. This showed he had no recent history of CCJ's, defaults or any late payments. Mr W also sent us a copy of his credit report which confirms he was free of adverse markings that might suggest he had issues of

concern in his credit history. I can see Mr W had credit cards with two other providers with a total of around £8,500-£9,000 in credit being nearly or fully utilised.

So I think it would have seemed to TSB from the information they had available at the point that the lending decision was made, that Mr W was having to meet repayments on his TSB loans as well as other credit cards, although he appeared to be managing his existing credit reasonably well. Therefore, although I do agree with Mr W that he had a relatively high level of borrowing and debt, I don't consider that factor alone was enough for TSB to be put on notice of a reason not to agree the new credit. I also don't think that the information TSB had at the time of the lending decision would or ought to have led TSB to take further steps to understand Mr W's financial situation before granting the credit.

I have also kept in mind that it appears Mr W's main reason for taking out the card was to take advantage of a zero percentage balance transfer offer. However, this didn't have any impact on the way TSB assessed Mr W's application for the card, and nor should it have done. Once the credit card was agreed Mr W made a balance transfer to the value of £2,100.

Whilst it can reasonably be argued that in granting the new credit TSB was increasing Mr W's overall level of debt – and potentially unsustainably - I have seen the purpose of taking out the new card was not primarily to add to Mr W's already large amount of personal borrowing. Instead, rather than adding to Mr W's burden of credit, it looks like Mr W was taking practical steps to manage his existing debt by taking out this card and using it to secure more favourable terms on existing credit. I say that because Mr W would likely have been saving money on interest he would have been paying elsewhere.

I've also seen copies of bank statements from Mr W's current account, which was also held with TSB. There is no question that the months leading up to the lending show strong evidence of constant use of gambling sites. TSB was also aware of this and I've seen that Mr W had a history of making frequent use of gambling sites going back to 2016. TSB had raised the issue of his gambling with Mr W in the past but he had said he was fine.

Taking everything I've seen into account, including the opening credit limit TSB granted, the fact that most of the credit was immediately used to reduce the cost of credit owed elsewhere and Mr W's financial position being generally secure with no signs of deterioration, I think TSB acted fairly and the credit it granted him with the card was affordable.

I know that Mr W will be disappointed with my decision. But I want Mr W to know that I have considered all the submissions made in this case. Having done so, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the decision by TSB to provide Mr W with this credit was unreasonable.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 November 2023.

Michael Goldberg
Ombudsman