

The complaint

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

What happened

Mr K was provided with a credit card by Barclays in December 2016. The initial credit limit was set at £400 and wasn't increased. Mr K says that adequate checks weren't undertaken before the lending was provided and that had they been Barclays would have realised that the lending wasn't affordable.

Barclays initially said that Mr K's complaint was out of time but then consented to the complaint being investigated. Barclays said that before the lending was provided it carried out credit worthiness and affordability checks. It said Mr K applied for an account that was aimed at assisting customers to improve their credit score. It said that Mr K declared an annual income of £15,800 and that he was living with his parents. Barclays said that based on its data collection regarding Mr K's income and expenses and his credit data, a much higher credit limit was deemed affordable but in line with the product it decided to provide an initial credit limit of £400. This limit was never increased.

Our investigator didn't think that Barclays had done anything wrong by providing Mr K with the credit card with a £400 credit limit.

Mr K didn't agree. He didn't agree that adequate checks were carried out before the lending was provided and said that his income was irregular at the time as he was self-employed and relied on seasonal work. Mr K said he was also paying off a loan and catalogue account at the time and was struggling financially. He said he had had other claims for irresponsible lending upheld.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. I note Mr K's comments that other businesses have upheld his complaints, but we assess each case based on its individual merits. While I have taken into account the relevant laws and regulations, my decision is based on what I consider fair and reasonable given the unique circumstances of this complaint

As our investigator has explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. 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.

Mr K was provided with a credit card with a £400 credit limit. Before this, Barclays gathered information about his employment, income and residential status. Mr K declared an annual income of £15,800 and Barclays has explained that this income figure was validated with a credit reference agency. While I note Mr K's comment about his income being irregular, I can see the amount he noted as his monthly income from the time was in line with the amount Barclays recorded. Given the information Barclays received and the credit limit it provided, I think it was reasonable that Barclays relied on this income information.

Barclays carried out a credit check before providing the credit card. I have looked through the information provided by Barclays and also the credit report supplied by Mr K. As the credit card was provided in December 2016, Mr K's recent credit report may not include all the information that would have been available at the time. But having looked at the information supplied I do not find that this raises concerns that meant further checks were required.

Mr K has said he was repaying a loan and catalogue account at the time, and I can see that in Barclays' credit checks it shows the loan payment and an amount for a credit card. Taking the amounts into account that Mr K has noted I do not find that this suggests the lending was unaffordable.

In conclusion, noting the size of the credit limit provided, I think the checks carried out before the credit card was provided were proportionate. As these didn't raise concerns about the affordability of the lending, I do not find I can say that Barclays acted irresponsibly by providing this credit to Mr K.

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 K to accept or reject my decision before 4 July 2023.

Jane Archer
Ombudsman