

The complaint

Mr P complains that Barclays Bank UK PLC, trading as Barclaycard, irresponsibly provided him with two credit cards he couldn't afford to repay.

What happened

In December 2003, it seems Barclays opened a credit card account for Mr P with a credit limit of £3,500. In October 2008, it opened another account with a credit limit of £1,000.

In 2022, Mr P complained to Barclays that it shouldn't have opened the credit card accounts as they were unaffordable for him.

Barclays refused to consider the merits of Mr P's complaint as it said he'd brought it too late under the Dispute Resolution (DISP) rules we must follow.

Unhappy with Barclays's response, Mr P complained to this service. Our investigator felt Mr P hadn't brought the complaint too late and told the parties this. Since they didn't receive a response from Barclays, the investigator went on to consider the complaint's merits. In doing so, the investigator recommended that Mr P's complaint should be upheld. They felt the credit was likely to be unaffordable for him based on the available information.

Mr P agreed with the investigator's findings, although Barclays didn't respond despite requests for it to do so. As such, the complaint was passed to me to review afresh.

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.

There are gaps in the information that's still available from the time Barclays made its decisions to lend to Mr P. That's partly due to the length of time that's passed since these events took place, and that's understandable. But it's also due to the lack of submissions and information provided by Barclays in response to our requests. So, I've been left to consider the available information and what, on balance, this shows is more likely than not to have happened.

Having done so, I'm upholding the complaint. I'll explain why.

I confirm that I broadly agree with the investigator's findings on Barclays's lending decisions. I'm satisfied that good industry practice at the time (see, for example, The Banking Code) meant Barclays needed to assess whether it felt Mr P would be able to repay the lending taking into account factors such as the customer's income. In summary:

- I can't say for sure what Mr P's circumstances were when he applied for the credit card accounts. Mr P says he was earning between £5,000 and £8,000. This ties in with the information included in an earlier credit card application Mr P made in 1999.
- It's reasonable to think Mr P's income was perhaps higher by 2003 and perhaps

higher still by 2008. Even if that's the case, the credit limits Barclays provided him with were relatively high in comparison at £3,500 and £1,000.

- Mr P says he was struggling financially when Barclays lent to him. He says he had a gambling problem and I see no reason to doubt what he's said.
- Evidence regarding the account opened in 2003 suggests Mr P regularly incurred late payment and over limit fees and charges from December 2005 onwards.
- Despite these signs that Mr P was struggling with the credit Barclays had provided previously, it decided to offer him a further credit card account with a significant credit limit of £1,000, in addition to his existing limit of £3,500. That took his combined credit limit for the two cards to £4,500.

The circumstances in 2003 and 2008 don't indicate to me that Mr P was able to repay the lending. I can't see that Barclays carried out checks that would have enabled it to make a reasonable assessment on that issue.

Putting things right

Barclays should put things right for Mr P from the start of the credit card accounts, albeit he's had the benefit of the money borrowed and so may need to repay the principal amounts. So, Barclays should:

- Rework both credit card account balances to ensure that all the interest, fees and charges applied to them from the start are removed.
- If an outstanding balance remains on either account once these adjustments have been made, Barclays should contact Mr P to arrange a suitable repayment plan for this.
- If no outstanding balance remains, any relevant adverse information should be removed from the credit file.

And

- If the refund means there's no remaining balance on either of the accounts, any extra should be treated as overpayments and returned to Mr P.

And

- Pay interest of 8% simple a year on any overpayments from the date they were made (if they were) to the date of settlement†.

† HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mr P a certificate showing how much tax it's taken off if he asks for one.

My final decision

For the reasons given, I'm upholding this complaint. I require Barclays Bank UK PLC, trading as Barclaycard, to put things right for Mr P as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 August 2023.

Nimish Patel
Ombudsman