

## The complaint

Mr S complains that Bank of Scotland plc trading as Halifax irresponsibly provided him with and increased the credit limit on, three credit cards, for which he was unable to afford the repayments. He further complained that Halifax failed to provide him with information he requested under the Consumer Credit Act.

## What happened

Mr S advises that Halifax provided him with following credit cards (according to Halifax's archived records):

	Date/Initial Credit Limit	Date/ Final Credit Limit
Card 1	December 2002/ £2,250	August 2007/£10,200
Card 2	October 2003/£3,000	August 2007/£13,350
Card 3	July 2004/£4,100	August 2007/£7,650

Mr S said that during this period even the most rudimentary credit check would have shown that he was obviously in serious financial difficulties with debts also owed to four other providers. He said the constant increases only fuelled his spiral of financial decline.

In response Halifax pointed out that the accounts all defaulted on various dates between September 2008 and August 2012. He didn't complain until July 2022, so he was out of time for complaining in that it had been over six years since the cards were provided and the last credit limit increase. It also considered that Mr S would have been aware of his right to complain at the latest by August 2012 so he should have complained by August 2015.

Mr S further asked Halifax to provide him with copies of the credit agreements and the statements relating to each card. He had to chase up this request several times with different departments of Halifax.

Halifax apologised for not answering his queries regarding the archived documents. It sent him £100 for the inconvenience. It reiterated its position concerning Mr S's complaint of irresponsible lending. It said that when Mr S applied for lending with it, it reviewed the information he gave on the application, as well as the information from the Credit Reference Agencies. His applications were accepted, and it gave him credit limits that were appropriate, based on its assessments at the time.

On referral to the Financial Ombudsman Service an Ombudsman decided the complaint was one we could look at. After review by our Adjudicator, she said that no information about the lending is available. Also in view of the fact that the cards were issued up to twenty years ago and the last credit limit increase was in 2007, there are no records of the application or the checks carried out at the time of application and limit increases. Mr S is also unable to

supply any information. So she didn't think Halifax needed to do anything to put things right.

Mr S disagreed but hasn't supplied us with any more information. The matter has been passed to me for further consideration.

### **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.

Although we do have information on our website concerning irresponsible lending, I have to consider the rules that applied at the time of the issue of the cards and the increases in the credit limit. Prior to 2007 the FLA (Finance & Leasing Association) Lending Code applied. The 2004 code was preceded by various lending and banking codes but the essential information regarding lending was the same. The 2004 code is the earliest available, but as I shall say below I won't be able to consider whether the lending was carried out in accordance with any particular code. As a guide to the sort of matters Halifax would have been expected to take into account, para 6.2 of the 2004 code said

*"As responsible lenders, we will make sure that all lending (including unsolicited pre-approved loans and credit card cheques) will go through a sound and proper assessment. This assessment may look at:*

- *your ability to repay;*
- *your income and commitments;*
- *how you have handled your financial affairs in the past;*
- *information from credit reference agencies and, with your permission, other people, for example, employers, other lenders and landlords;*
- *information you have supplied, including proof of your identity and why you are applying for credit;*
- *credit assessment techniques, for example, credit-scoring (see paragraph 6.3 below);*
- *your age;*
- *where you live, although this will not be the only thing that affects your application;*
- *any security you have provided (such as your home)."*

And para 6.6 said

*"Before we raise your credit limit on a credit card or overdraft, we will reassess your ability to pay."*

The cards were issued respectively in December 2002, October 2003, and July 2024. All have defaulted over the period from 2008 to 2012. In respect of Card 1 the debt is with Halifax's recoveries department and Mr S is paying £10 a month. In respect of Cards 2 and 3, the debts have been sold to third parties.

In respect of all the lending Mr S says that at this time he also had a Halifax personal loan account (which he isn't complaining about) He says that even the most rudimentary credit check would have shown that he was obviously in serious financial difficulties with debts also owed to four other providers.

I think it's fair to assume that Halifax did do checks at the time of each application and credit limit increase. But the extent to which it did those checks is unknown. So is what was likely to have been revealed by those checks. In particular, Mr S isn't able to send us any evidence of his income and expenditure at the time of each application or each credit limit increase. So, I'm unable to say whether Halifax should have been aware of his financial position or whether that would have affected its decision to lend to him and/or increase the credit limit.

So, in respect of the issuing of the three credit cards and the increase in credit limit, I don't think there is sufficient evidence for me to make a finding that Halifax acted irresponsibly.

As regards Mr S's request for information, I think that Halifax acted reasonably in paying him £100 for the inconvenience caused to him for having to chase around various departments to get an answer.

### **My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 August 2023.

Ray Lawley  
**Ombudsman**