

The complaint

Miss D complains that Barclays Bank UK PLC trading as Barclaycard lent irresponsibly when it approved a credit card in her name.

What happened

Miss D has explained that she already held a credit card with Barclaycard when she applied for another. In the application, Miss D said she was employed with an income of £59,750 and a homeowner with mortgage costs of £411 a month. Barclaycard recorded regular outgoings like Council Tax, utilities and living costs. In addition, Barclaycard carried out a credit check and found Miss D had credit cards that were costing around £70 a month and loans with payments of £221.

Barclaycard says it applied its lending criteria to Miss D's application and approved a credit limit of £6,600.

Miss D's told us that in that in the years that followed, she entered into a spiral of debt.

Earlier this year, Miss D complained that Barclaycard had lent irresponsibly when it approved her credit card application in 2018. Miss D said that Barclaycard should've seen she was overdrawn, near the limits on her credit cards and struggling. Barclaycard issued a final response but didn't agree it had lent irresponsibly and didn't uphold Miss D's complaint.

An investigator at this service looked at Miss D's case. They thought Barclaycard had carried out reasonable and proportionate checks when completing Miss D's credit card application in 2018 and didn't uphold her complaint. Miss D asked to appeal and said she already had a credit card with Barclaycard when she applied again in 2018. Miss D explained she was only making minimum payments for her commitments and was frequently overdrawn. Miss D added that her bank statements would've shown gambling. Miss D explained that the second credit card had worsened her financial situation and led to additional borrowing. Miss D also said the Financial Ombudsman Service had already upheld irresponsible lending complaints she'd made about other lenders.

As Miss D asked to appeal, her complaint has been passed to me to make a decision.

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.

Before agreeing to lend, the rules say Barclaycard had to complete reasonable and proportionate checks to ensure Miss D could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;

- The total sum repayable and the size of regular repayments;
- The duration of the agreement
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. More information about how we consider irresponsible lending complaints can be found on our website.

In this case, when Miss D applied to Barclaycard she provided information about her circumstances. The application recorded that Miss D was employed and her income. In addition, Barclaycard took details of regular outgoings like Miss D's mortgage costs, regular bills and living expenses. I've reviewed the application and I'm satisfied the information included was reasonable for Barclaycard to use in its lending assessment.

Barclaycard also carried out a full credit search to get a picture of Miss D's commitments. I understand Miss D already had a credit card with Barclaycard. Further credit cards were found and Barclaycard used the regular monthly payments in its affordability assessment. Loans and other commitments were also found by Barclaycard and the monthly costs taken into account. I've looked at the credit file information Barclaycard obtained and I'm satisfied it was aware of how much Miss D owed as well as the status of those accounts, none of which showed regular missed payments. I also note no adverse information like defaults or County Court Judgements were found by Barclaycard.

In response to the investigator, Miss D said added that she'd used her existing credit card with Barclaycard for gambling. Miss D recently provided copies of credit card statements up to March 2018. And whilst I can see the credit card was used for gambling during 2015 and 2016, I think it's fair to say that from the start of 2017 the number of transactions reduced. The last payment I saw that was gambling related was from July 2017, a little over a year before Miss D applied for the second credit card. I haven't seen a level of gambling payments in the period before Miss D applied for a second credit card that would've led Barclaycard to request further information.

Barclaycard says that based on the information Miss D provided and what it found on her credit file, the application met its lending criteria and was correctly approved with a credit limit of £6,600. I understand Miss D feels Barclaycard should've asked for additional information like copies of her bank statements. Miss D's told us Barclaycard would've found evidence of gambling if it had. But we haven't been sent copies of Miss D's bank statements from the time. And whilst I note Miss D's comments, I think the questions asked in the application and information Barclaycard obtained was proportionate to the credit card application she made. I haven't seen anything that would've caused Barclaycard to consider carrying out more comprehensive checks or decline Miss D's credit card application. I'm sorry to disappoint Miss D but I haven't been persuaded that Barclaycard lent irresponsibly when it approved her credit card in 2018.

When Barclaycard responded to Miss D's complaint it apologised for the delay in dealing with her case. Barclaycard paid Miss D £150 for the distress and inconvenience caused. I'm satisfied that's a fair settlement in recognition of the delay in dealing with Miss D's concerns.

I'm sorry to disappoint Miss D but as I haven't found that Barclaycard lent irresponsibly and I'm satisfied it dealt with her complaint fairly I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 6 November 2023.

Marco Manente
Ombudsman