

The complaint

Mr H complained to Barclays Bank UK PLC ("Barclays") in August 2022 about an increased overdraft facility that was granted to him in March 2022.

Mr H says Barclays acted irresponsibly in providing him with the increased overdraft facility, that it was unaffordable and that Barclays failed to properly take his financial circumstances into account.

What happened

Mr H is complaining about being accepted for an overdraft increase to £4,000 in March 2022. Barclays has already agreed to refund overdraft charges from December 2013 until 8 December 2021 as a goodwill gesture.

Mr H has also complained to us about two loans he took with Barclays. I see these have already been looked into separately and one of my ombudsman colleagues has issued a final decision.

Mr H says that Barclays acted irresponsibly in granting him the increased overdraft, especially given that they were already aware that he had been using other Barclays products for a large number of gambling transactions.

One of our adjudicators reviewed what Mr H and Barclays had told us. She thought Barclays hadn't acted unreasonably in relation to granting the additional overdraft lending in March 2022. So she didn't recommend that Mr H's complaint be upheld.

As Mr H disagrees, his complaint has been passed to me for 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr H's complaint.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Having carefully considered everything provided, I've not been persuaded to uphold Mr H's complaint. I'll explain why in a little more detail.

Barclays needed to make sure that it didn't lend irresponsibly. In practice, what this means is Barclays needed to carry out proportionate checks to be able to understand whether Mr H could afford to repay before agreeing to any credit. Our website sets out what we typically

think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Barclays agreed to Mr H's online overdraft application in March 2022 after carrying out credit checks and searches to ensure that the amount requested was likely to be affordable. The credit checks and searches suggested that the amounts requested were affordable. Having said that, I am mindful of what Mr H has told us about issues he had with online gambling on his credit cards, and that at his request Barclays had put in place blocks to prevent them being used for further gambling. In such circumstances, I think there is an argument for saying that Barclays should have taken a closer look at Mr H's circumstances before agreeing to the overdraft increase. But on the other hand I can see that Mr H had generally been managing his current account relatively well in the 18 months leading up to that point. So I can't say that there were significant factors that would or should have caused Barclays a concern about giving him access to an increased overdraft facility.

I've also looked through the copy bank statements we have, covering the period between October 2020 and up to when he applied for his increased overdraft. Having done so, I don't think that there was anything unusually concerning during this period of time to suggest that the facility ought not to have been granted, or that further checks should have been carried out. As our adjudicator has already noted, Mr H's account had remained in credit, right up to the point he applied to have his overdraft increased. Looking at his pattern of account spending, I can see that he was able to fund his essential daily outgoings and was finding sufficient disposable income to be able to pay for non-essential spending. I've not seen notable evidence of Mr H using his current account for the purpose of online gambling prior to be granted the increase. And I haven't seen anything else when looking at Mr H's account transactions to suggest that his overall financial position might have been deteriorating. Also, given the level of disposable income Mr H appears to have had when he applied, I suspect this was a further factor seen by Barclays that helped make it possible for it to readily agree to the overdraft limit increase.

I know Mr H considers that Barclays ought not to have granted him the overdraft increase given that he'd already been granted a loan from them in July 2021 for a substantial sum. I note in passing that this appears to have been used solely for the purpose of purchasing premium bonds, rather than for other purposes such as consolidating debt or paying for an essential item, such as a car. I think this helps to support the likelihood that Mr H's overall financial position was relatively secure. Mr H says, however, that taken together with his then existing financial commitments, granting him the overdraft credit would have been unfair and so Barclays ought to have realised it was likely to be unaffordable. But again, taking everything I've seen into consideration, it does seem to me that by March 2022 Mr H appeared to be managing his financial situation relatively well.

It follows that I don't think Barclays treated Mr H unfairly or irresponsibly when providing him with his overdraft increase in March 2022. I'm therefore not upholding Mr H's complaint.

I appreciate this will be very disappointing for Mr H. But I hope he will understand the reasons for my decision and that he will at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 November 2023.

Michael Goldberg

Ombudsman