

The complaint

Mr C has complained that Barclays Bank UK PLC failed in its duty to support him as a vulnerable consumer when his compulsive spending problem resulted in him losing his life savings and amassing huge debt

Background

Mr C is a lifelong customer of Barclays. He has complained about the bank's failure to pick up on clear signs of vulnerability and gambling across three credit cards and his overdraft facility. He has said that he was using the credit facilities provided by Barclays to invest in spread-betting high-risk portfolios. This ultimately resulted in Mr C accruing over £106,000 in debt. Mr C believes Barclays failed to identify him as vulnerable and offer support which may have helped to limit the overall debt he now has.

Barclays has said that Mr C was properly maintaining his accounts and although he used his credit cards for investment purposes it was unaware he was doing this or that he was becoming increasingly financially vulnerable. Although it sympathises with Mr C's situation it doesn't believe it's the result of any failings on the part of the bank. It has conceded that Mr C didn't always get the appropriate support when speaking to its telephone banking representatives and has offered him £125 in recognition of those failings.

Mr C disagreed with Barclay's response and brought his complaint to our service. I issued a provisional decision on 2 October 2023 upholding Mr C's complaint. In it I said that Barclays missed clear signs that Mr C was becoming over reliant on the credit it had provided to him and that it should've checked why this was happening in case it was linked to any potential vulnerabilities. I said that by March 2022 there was a clear and established pattern of overspending and reliance on credit and upheld Mr C's complaint from this point. I explained I intended on asking Barclays to refund all interest and charges added to the three accounts from that time on as well as pay Mr C some compensation. I asked that both parties respond by 30 October 2023 with any further comments.

Barclays accepted the findings and recommendations made in the provisional decision.

Mr C, via his representative asked that the interest and charges refund be back dated to March 2021 instead of March 2022 as this was when the first signs of problematic spending. They also asked that I consider holding Barclays partly liable for the money Mr C lost from March 2021 as they believe had Barclays intervened at that time it could've prevented Mr C from losing as much money as he did.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

For the sake of clarity, I will repeat some of the findings I made in the provisional decision. I will then address the questions raised by Mr C's representative.

Mr C has explained that he has a compulsive spending problem which resulted in him 'investing' hundreds of thousands of pounds over almost seven years without Barclays checking to make sure he was comfortable with the debt he was incurring. In order to properly understand what happened it's important to set out what the limits of the three credit cards were and how they were managed by Mr C.

All three cards had very high limits, card one had a limit of £14,000, card two had a limit of £11,600 and card three had a limit of £15,000 which means Mr C had access to a total of £40,600 of credit across all three cards together.

Mr C's representative has pointed out that between 2015 and 2023 Mr C spent just under £540,000 on transactions to a single trading website I'll call "G". This was across both his overdraft and his credit cards but looking at this card usage there are frequent, almost daily transactions to G and these were often for hundreds of pounds at a time.

Barclays has said that Mr C was maintaining his card well, meeting his required monthly minimum repayments and that as G is an investment website and not a gambling one, there was nothing on the accounts to trigger a review. It has said that there are no obligations to monitor how consumers use their cards and Mr C wasn't using his card in a way that went against the terms and conditions. So, it was unaware that Mr C was potentially vulnerable or that his card usage may be causing him harm.

However, I disagree with Barclays on this point. I do think there were warning signs that Mr C's reliance on credit was becoming problematic and that this was linked to how he was spending the funds provided to him by Barclays.

By March 2021 Mr C was sitting very close to, or just slightly over, the limit on all three cards. And over the following months he exceeded his limit on a few occasions while only ever making minimum repayments. That continued throughout the rest of the year. And while I accept there are some occasions where Mr C made more than the minimum repayment to bring the balance down, for the most part he was just paying the minimum balance which meant the capital amount owed never reduced in any meaningful way.

So, I think that by mid-2021, the behaviour on Mr C's accounts was starting to show indicators that he was struggling to manage his finances.

This pattern continued across all three cards into the following year and by March 2022 Mr C has exceeded the limit on two of the three cards, continues to make minimum payments only and can't get the accounts back into good order. However, Barclays continue to allow him access to the credit without checking why the accounts are showing signs of stress. It has said that it started to send letters to Mr C in 2022 about his credit card accounts and to try to speak to him about repayment plans.

However, calls to set up repayment plans are unlikely to be sufficient on their own in cases where consumers are genuinely vulnerable, which Mr C clearly was at this time. It's unclear to me why no one in Barclays checked to see how Mr C was using his cards and why he was becoming so reliant on credit. If it had the frequent and multiple transactions to G would've been apparent and Barclays could've signposted Mr C to organisations that could help him. It could also have reduced Mr C's credit limits in an incremental way thus reducing his ability to use credit to facilitate his compulsive spending addiction.

Mr C's representative has asked that I consider asking Barclays to refund all interest and charges from March 2021 when the first signs of stress appeared on the accounts. I have considered this however I'm mindful that although the problematic behaviour first appeared on the accounts in March 2021 they weren't consistently over the limit from that time on.

Rather between March 2021 and March 2022 the outstanding balance fluctuated between being over the limit and then sitting under it. In addition, Mr C had some months between these two dates where he repaid more than the minimum payment due. So, while I can see March 2021 as a date when there was first evidence of problematic usage appearing on the accounts, I don't think it would be reasonable for me to say that Barclays should refund all the interest and charges from that point on as Mr C still had some months where he managed the cards well after that. However, by March 2022 this was no longer the case, which is why I think that's the more reasonable date to request the refund from.

I'm unable to make a finding that if Barclays had contacted Mr C by March 2022 it would've stopped him from spending money on G. But I do think there were some practical things Barclays should've done to offer support to a potentially vulnerable consumer. In the first instance, while I accept a gambling block wouldn't have stopped transactions to G, as it's not classified as gambling website but rather an investment website, I don't think that was the only option open to Barclays had it wanted to help Mr C. It would've been possible to block transactions to G specifically, or to reduce the available credit limits across all three cards in a way that was supportive of Mr C. It could also have looked at offering him financial advice across all of his accounts. Even sign posting to charities and organisations that support compulsive spending addicts could've potentially have been helpful. It is extremely disappointing to see Barclays did nothing at all until the accounts eventually ran into problems and were on the verge of defaulting.

Mr C's representative has asked that, given I think Barclays should've offered genuine help and support in March 2022, I should hold it partially liable for some of the losses he incurred after that date. I can understand why Mr C feels that way. However, in order for me to make that finding I would need to be satisfied that if Barclays had offered to block all payments to G from Mr C's cards he would've agreed to it. And I've not seen anything that indicates Mr C would've agreed to that if it had been suggested. So, I don't think it would be reasonable for me to hold the bank liable for the losses. But I do think it should pay Mr C compensation in recognition of the failure to offer that support at the time.

Mr C now finds himself in a position, post retirement, where he has enormous debt to try to repay and no personal savings at all. As I've mentioned above I don't think Barclays is liable for this debt, but I do think it failed to offer support or recognise a pattern that spoke of stress and potential financial vulnerability that should've been apparent based on how Mr C was managing his accounts.

As mentioned above throughout 2021 and 2022 there were indications that Mr C wasn't properly managing his accounts and that he was becoming over reliant on the credit available to him. By March 2022 he is consistently exceeding the agreed credit limit while only just making his monthly minimum repayments. So, I think this was the date that Barclays should've proactively reviewed Mr C's accounts in order to understand why that was happening and reached out to him to offer tailored and specific support.

Putting things right

Therefore, in order to put things right Barclays should refund all interest and charges added to all three credit cards from March 2022 onwards. This amount can then be deducted from the total amount owed by Mr C. I know this will disappoint Mr C, but I do think he still needs to repay the capital amount he spent across the cards, not all of which was lost on G's website.

In addition to the above, and in recognition of the enormous and devastating impact the lack of support offered by Barclays, it should pay Mr C an additional £375 compensation, on top of the £125 it has already offered, bringing the total compensation paid to £500.

My final decision

Your text here

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

Karen Hanlon
Ombudsman