

## The complaint

Mr W complains that Barclays Bank UK PLC, trading as Barclaycard, unfairly declined his request for a credit limit increase on his credit card.

## What happened

Mr W holds a credit card with Barclaycard. In September 2023 he requested Barclaycard increase his credit limit to £15,000 to temporarily help fund the purchase of a new car. There was a small window of time between Mr W selling his old car, and the money from that sale reaching his account, and he wanted to use the card to bridge that gap, so as not to have to transfer funds out of his long-term savings.

Barclaycard considered Mr W's application, but unfortunately declined his request for a limit increase to £15,000, due to what they said was a 'bank decision'. But following a further review, their manual underwriting team did agree to increase his credit limit to £11,500. They also paid him £50 in compensation for some shortcomings in the service they provided. But Mr W remained unhappy. He said it was unreasonable of Barclaycard to only increase his limit to £11,500, particularly when they had been sending him correspondence offering him the opportunity to take out personal loans for larger amounts; and he couldn't see why they would be unable to provide what he felt, was a modest credit limit increase in comparison. He also remained unhappy with the delays he experienced in dealing with this matter and the overall service provided. So, he brought his case to our service.

An investigator considered Mr W's complaint but was satisfied that Barclaycard didn't need to provide a detailed explanation as to why they declined his initial application. And ultimately, he felt it was their decision as to what credit limit they thought it was appropriate to grant. He did feel however that there were shortcomings in the overall service provided, specifically around delays in sending correspondence. But he was satisfied that the £50 compensation Barclaycard agreed to pay in respect of this was fair. Mr W remained unhappy, so the case was passed to me, an Ombudsman, to decide.

I set out my provisional findings as follows:

*"Mr W has set out his position at some length, and I'd like to pass on my thanks to him for the level of detail he went into in providing this information, but I've not commented on each and every point. Instead, I've focussed on what I consider to be the crux of the matter. I hope Mr W won't take that as a discourtesy, but our role is to be an informal service and my approach here is simply to align with that purpose.*

*The issue at heart here, is that Mr W feels it was unfair of Barclaycard to refuse his request for a credit limit increase to £15,000. Whereas Barclaycard feel they made a fair decision in initially declining the increase, and later agreeing to a reduced increase to £11,500. It's important to note, that ultimately, a business has the right to choose who it does and doesn't lend to, and what amounts it provides. We can't compel a business to lend money to a customer. Rather, we will look at whether we think the business have treated the customer fairly, if they choose not to provide credit to the limit requested.*

*Mr W has said that he was offered loans of £50,000 and £15,000 by letter, and therefore, he should be able to at least obtain a credit limit increase to the £15,000 requested. But having looked at the letters he was sent, they set out that Mr W could 'provisionally' borrow up to the amounts in question, suggesting that the sums offered in the letters were not guaranteed. They go on to state – "better still, if we approve your application, you could have the money in your account straight away", further supporting the fact that these letters were not guaranteed offers to lend, but rather, an offer for Mr W to apply for those funds, and that the amounts mentioned could be considered by way of an application.*

*Furthermore, it's important to note, that a personal loan is very different from a credit card. A loan will generally have a fixed monthly payment over a fixed term, whereas with a credit card, the limits provided allow a customer to spend up to a limit, repay the balance, and then continue to spend again; and it's not unusual for banks to have different processes in place, and be willing to offer different amounts or credit limits across these different product ranges. So, I'm not persuaded that Barclaycard sending Mr W these offers, should mean that they are in anyway obliged to offer a similar limit on a credit card if requested.*

*Turning to the card application itself, in this case, Mr W has made it clear why he needed the credit limit he did, and that increasing his credit limit was to temporarily fund the purchase of a new car. Equally, Barclaycard are within their rights to decline his limit increase request, for a host of reasons, should they feel it would not be right to lend such sums. However, Barclaycard, in declining such an application, must do so fairly, and should give Mr W sufficient information to understand why he was unable to secure the sums he requested, in order that he may be able to potentially take action to rectify this, or avoid similar occurrences in the future.*

*The Consumer Duty has been in force in relation to firms' regulated activities since 31 July 2023, so it's relevant in this case. The Consumer Duty was introduced by the Financial Conduct Authority ("FCA") as a means of setting clearer standards of consumer protection across financial services, requiring firms to put their customers' needs first. One of the things it makes clear is that firms should support customers in pursuing their financial objectives. In this case, Mr W's objective was to obtain credit, but the application was declined. And as well as still wanting the limit increase, Mr W wanted to understand why his request had not been approved.*

*In its finalised guidance to firms on the Consumer Duty, the FCA explained in chapter 5.40 – under the heading 'Enable and support customers to pursue their financial objectives' – that: 'Where a firm declines to provide a customer with a particular product or service, the firm should still consider whether there is information or support it could provide to help the customer pursue their financial objectives. For example, a firm could signpost a customer to a third party that provides reliable and relevant information to such consumers. An example of information or support that may be appropriate to provide a customer that has been declined credit is the 'Money Helper' guide.'*

*Whilst the Consumer Duty (nor other regulations) require Barclaycard to provide a detailed reason for declining a credit application, the reason it gave Mr W merely explained that it was a 'bank decision'. I don't think this in anyway supported Mr W pursuing his objectives. Barclaycard instead needed to do more – for instance, by explaining in broad terms the reason for his application being declined, and potentially referring Mr W to any relevant third parties, or providing details of the Money Helper Guide. But in this case, unfortunately they did neither.*

*Overall, I think Barclaycard could've done more, without disclosing commercially sensitive*

*information, to support Mr W in pursuing his financial objective of obtaining credit. I'm therefore recommending that, in addition to the £50 it paid Mr W for the service failings, Barclaycard should pay Mr W a further £75 in compensation for the reasons set out above."*

I invited both parties to respond with any further evidence or arguments they wished for me to consider by 9 August 2024.

Barclaycard did not respond to my provisional decision.

It appears Mr W may not have received my provisional findings initially, but a further copy was then provided to him on 12 August, and he was given until 16 August to provide any further evidence or arguments - but we received no further comments in relation to the merits of the case. The correspondence we did receive was in relation to the service we provided, and this was addressed separately in our response on 13 August 2024. So, I'm now in a position to issue my final 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.

Having looked at everything again, and given the lack of responses received from both parties, I've reached the same outcome as I did in my provisional decision and for the same reasons.

In summary, I'm satisfied that it wasn't unreasonable for Barclaycard to have refused to increase Mr W's credit limit to the level he asked; and I'm not persuaded that the fact he was sent offers to apply for personal loans (which were still subject to approval), should mean that Barclaycard are required to offer a similar sum by way of a credit card limit increase. And, as set out above, a credit card and a loan are two distinctly different products, and the underwriting for each type of facility would likely vary. Equally the offers sent, were simply offers to apply, and were in no way a guarantee of approved funds.

I do however – when taking the Consumer Duty regulations into account – think that Barclaycard could've done more, without disclosing commercially sensitive information, to support Mr W in pursuing his financial objective of obtaining credit. I'm therefore recommending that, in addition to the £50 they paid Mr W for the service failings, Barclaycard should pay Mr W a further £75 in compensation, as I set out in my provisional findings.

### **My final decision**

My final decision is that I uphold Mr W's complaint, and direct Barclaycard Bank UK PLC to pay Mr W a further £75 in compensation in addition the £50 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 October 2024.

Brad McIlquham  
**Ombudsman**