

The complaint

Mr G complains that a hard credit search was left on his credit file following a request to increase the credit limit on his credit card he has with Barclays Bank UK PLC trading as Barclaycard ("Barclaycard"). Mr G also complains that Barclaycard didn't give him relevant information at the time of his application.

What happened

In November 2023, Mr G contacted Barclaycard and asked them to consider an increase to the credit limit on his credit card, from £12,500 to £16,000. However, his application was declined. Mr G says he was surprised by this as he had been a long-standing customer of Barclaycard and had never missed a payment and always cleared his balance each month.

Mr G spoke to Barclaycard on several other occasions shortly after this and was told that his request had been declined because they'd seen that the proposed new credit limit equated to more than 50% of his salary. Mr G asked Barclaycard to tell him which credit reference agency they'd used in considering his application and was eventually told that this was a credit reference agency I'll call "T".

Mr G says Barclaycard told him that the credit limit increase request would only show as a soft search on his credit file. However, he contacted T about this, and they told him this would appear as a hard search. Mr G also asked T whether they could access his bank account to see his salary and was told they couldn't.

Mr G complained to Barclaycard initially about their decision not to grant him the increased credit limit. They replied saying that their underwriters had manually reviewed his request but were unable to agree to the increase. Barclaycard also said that they hadn't made any errors in the information they gave him about the checks they undertook with the credit reference agencies.

Mr G then asked Barclaycard to consider the other points he raised (which I have referred to above). Barclaycard didn't provide a full response to all of these further points; rather they said they had already dealt with his complaint. So, Mr G referred the matter to our service.

Our investigator didn't uphold the complaint. In summary, he felt that Barclaycard had acted reasonably in respect of the application Mr G had made. Mr G didn't agree and so his complaint has been passed to me for a review.

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.

Mr G has clarified with our service that his complaint isn't about Barclaycard's decision not to increase the credit limit *per se*. Rather, it relates to several other points. This involves him not being told that Barclaycard would add a hard search to his credit file and being told by them that only a soft search would be recorded, when T told him otherwise. Mr G also

remains unhappy that Barclaycard didn't tell him about the requirement for his salary not to exceed 50% of the credit limit he applied for, and that he gave them no consent to access his bank account to determine his salary. And he is unhappy that Barclaycard didn't tell him initially that they used T for his application and that they didn't respond to his further complaint points.

I've listened to a call recording between Mr G and Barclaycard when he made his application. Having listened to this call, I agree with Mr G that he wasn't told that a hard credit search would be recorded on his credit file as a result of his application. However, I've not seen sufficient evidence that Barclaycard did apply a hard search (or even a soft search for that matter). Mr G has sent us an extract from his credit file, but this doesn't show anything recorded by Barclaycard for this application. So, I don't agree that Mr G's credit file has been negatively impacted as a result of actions taken by Barclaycard or that they told him incorrect information about this. I note that T told Mr G that a hard search would be recorded. But that could simply have been, for example, an explanation about how such applications are generally recorded by certain lenders.

I also agree with Mr G that Barclaycard didn't tell him about the salary threshold of 50% when he made his application. And I have no reason to doubt his comments that he would have applied for a slightly lower increase to meet that threshold if he'd been told this.

However, lenders aren't obliged to tell their customers what parameters they have in place for considering increases to credit limits. Their obligation is to consider the application appropriately, fairly, and without prejudice. In this case, Mr G asked for a particular figure for the increase and his application was considered and declined and a reason for that decline was then given. I haven't seen that Barclaycard acted unfairly or inappropriately in considering the application.

I've also listened to a call recording between Mr G and Barclaycard after his application had been declined, when he asked them to confirm which credit reference agency they'd used for his application. The adviser wasn't initially specific about this and gave Mr G details of three credit reference agencies that they use. However, the adviser did eventually confirm that Barclaycard used T. So, I find that Mr G was given that information and, although it wasn't given to him straight away, it was given to him without much delay.

I've considered Mr G's comments about his salary and how Barclaycard accessed his bank account without consent. However, I'm satisfied they didn't access Mr G's bank account directly. Rather, they used information from T to make a reasonable assumption or estimate of his salary. That isn't an uncommon method for a lender to use in assessing a credit application. For clarity, the applicable rules and guidance that lenders need to follow are those set out in the Consumer Credit Sourcebook ("CONC") as contained within the Financial Conduct Authority's handbook.

CONC 5.2A.16G sets out that:

(3) For the purpose of considering the borrower's income....it is not generally sufficient to rely solely on a statement of current income made by the customer without independent evidence (for example, in the form of information supplied by a credit reference agency....)'.

It seems to me that this is what Barclaycard did in considering Mr G's income and they did so by extrapolating information from T's records of Mr G's credit file which showed current

account turnover on his bank account. I don't therefore find that Barclaycard acted unreasonably in how they obtained information about Mr G's income.

I've finally considered how Barclaycard dealt with Mr G's complaint. I agree that it wasn't helpful for them not to have considered the specific points Mr G had made. However, I don't find that this has caused him detriment. I would though just remind Barclaycard of their obligation to consider all relevant complaint points made by a customer.

For the reasons I've set out above, I'm not upholding Mr G's complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 June 2024.

Daniel Picken
Ombudsman