

The complaint

Miss G says Barclays Bank UK PLC, trading as Barclaycard, unfairly declined her request for a credit limit increase (CLI) in relation to her credit card account.

What happened

Briefly, from September 2023 onwards, Miss G was in contact with Barclays to request an increase to her credit limit. When her request was declined, she complained.

Barclays responded to the complaint in October 2023. It said it was entitled to refuse the CLI requests and wasn't obliged to give any reasons. It confirmed Miss G would be eligible to apply for another CLI in three months. Barclays agreed with Miss G that it had earlier led her to believe a further investigation of her complaint would be carried out that, in fact, wasn't.

Unhappy with Barclays' response, Miss G brought her complaint to this service. One of our investigators looked into the complaint and ultimately found that Barclays should provide further explanation to Miss G as to why it wouldn't increase her credit limit. They also noted that Barclays had subsequently offered to pay Miss G £50 as compensation for its poor handling of her complaint.

As a result, Barclays wrote to Miss G to give further reasons for its decision not to lend to her. Since Miss G remained dissatisfied, the complaint was passed to me to review afresh. In essence, she felt Barclays still hadn't elaborated on the reasoning it gave from the start.

I issued a provisional decision upholding the complaint in part. I considered that, from the available evidence, Barclays was entitled to make the lending decision that it had. But, because of the length of time it took Barclays to properly explain its reasoning for that decision to Miss G and for its handling of her subsequent complaint, I believed it should pay her £150 in total as compensation rather than the £50 it had previously offered.

I asked the parties to respond with their further comments and evidence before I reconsidered the complaint and issued a final decision. Neither of the parties substantively replied to my provisional 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.

I've thought very carefully about all the issues Miss G's raised regarding the actions of Barclays and their alleged impact on her. This includes the discussion she had over the phone with a fellow ombudsman in late April 2024 – a recording of which I've listened to. In line with this service being quick and informal, I've focussed on the key issues that I believe go to the heart of the complaint.

It should also be borne in mind that this service's aim is to ensure businesses compensate consumers where things have gone wrong. This can involve consideration of a business'

policies and procedures. But we're not the industry regulator – that's the FCA – and so it's not for us to punish or fine a business or require a business to change how it operates going forward.

With all of this in mind, I uphold this complaint in part. I'll explain why.

As is common in such cases, the terms of the credit being provided by Barclays are set out in the agreement with Miss G. It says, among other things, that Barclays will set the credit limit according to her circumstances, account usage and history, externally held information and any other information it deems relevant.

In this case, Barclays declined to increase Miss G's credit limit as per her request. In its final response of October 2023, it confirmed it was unable to give her further information relating to its decision. I recognise that this was very frustrating for Miss G as she wouldn't have known what, if anything, she needed to do to secure the additional credit she wanted.

Since October 2023, I believe Barclays has provided more information about why it refused Miss G's request. For example, in its submissions to this service following Miss G's complaint it gave a number of factors it would have taken into account, many of them echoing the terms of the agreement. Our investigator asked Barclays to provide its primary reason for the refusal to Miss G. Barclays then wrote to Miss G in December 2023 to explain its records indicated her current levels of borrowing and expenditure, compared with her current income suggested she might find it difficult to keep up with repayments in future. It said it was committed to responsible lending.

In March 2024, Barclays responded to our investigator's request for more information about its reasoning. The investigator passed this on to Miss G and explained Barclays considered factors such as spending on the account, repayments, missed or late payments, age of the account, credit history and levels of credit held externally.

I realise Miss G doesn't agree with Barclays' reasoning or feel that it's actually provided more information about this since the start of the issue. But I do believe that Barclays has now better explained why it reached the decision that it did. It's also explained to Miss G that it would proactively review her account with a view to increasing the credit limit if possible. Barclays also explained she'd be able to re-apply at least four months after its original lending decision in September 2023.

As such, I'm not persuaded that Barclays' decision was, in itself, unfair.

It's clear that Miss G's also unhappy with the overall level of service she's been provided with by Barclays. And with some justification, in my view. For instance, Barclays prematurely closed her complaint when she still reasonably believed it was looking into the matter. This, no doubt, would have caused her some uncertainty and frustration.

Setting aside the merits of Barclays' lending decision, I believe Miss G was made to wait too long for an adequate explanation as to why her request for credit was refused.

I understand that these issues have proved frustrating and disappointing for Miss G to have encountered. I'm pleased to see that Barclays eventually recognised the impact of this on Miss G and that it did so soon after the involvement of this service. It offered Miss G £50 by way of compensation.

I recognise that Barclays should have done better in the first place. But, the fact is, things went wrong, and that impacted on Miss G through no fault of her own. This is not the level of service Miss G would reasonably have expected to receive.

It's rarely straightforward to decide what represents an appropriate level of compensation for non-financial loss given its inherently subjective nature. Miss G, and no-one else, experienced these particular problems. I assure her I'm mindful of that.

This said, I've taken account of this service's general approach to compensation for distress and inconvenience as set out on our website. I've thought about this approach in light of the errors Barclays made and the impact on Miss G.

Overall, I'm persuaded that Barclays caused Miss G loss to the extent that it was fair to have offered her some compensation for distress and inconvenience. I've reflected on what I said in my provisional decision and any responses to it. Having done so, I still think an offer of £150 in total – as opposed to £50 – would have been fair taking all the circumstances into account, including the mistakes Barclays made and their impact on Miss G.

Putting things right

Barclays should pay Miss G £150 in total as compensation for the distress and inconvenience it's caused her.

My final decision

For the reasons given, I uphold this complaint in part. I require Barclays Bank UK PLC, trading as Barclaycard, to put things right for Miss G as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 23 July 2024.

Nimish Patel
Ombudsman