

The complaint

Mrs C complains that Barclays Bank PLC, trading as Barclaycard, was irresponsible by increasing the credit limit on the card she had with it on numerous occasions.

What happened

Mrs C was approved for a Barclaycard in September 2009 with an initial credit limit of £3,000. Up to January 2020 there were seven credit limit increases the last one taking the credit limit up to £17,500. More recently Mrs C has entered into a formal repayment plan and Barclaycard has stopped charging interest.

After Barclaycard received her complaint it issued its final response letter (FRL) in March 2024. It gave reasons why it considered that it ought to put things right for Mrs C from 15 May 2017 which was when the credit limit was increased from £11,500 to £13,000. Barclaycard also said it was not upholding any lending decisions before 15 May 2017. It explained what it did when a new account was opened and before any credit limit increases were approved.

Barclaycard arranged for Mrs C's credit card balance to be reduced by

'...refunding [sic] difference in fees and interest charged to your account since the credit limit increase on 15 May 2017..

To explain further I will only be refunding the difference in fees and interest than if your limit had stayed at £11,500. This means you are entitled to £1,974.94 refund. This is a total of, £1,581.04 for Interest and £393.90 for Balance Transfer Fees.'

Mrs C referred it to the Financial Ombudsman Service as she was not content that the admission by Barclaycard of having lent irresponsibly is from May 2017 only. Mrs C says that it ought to be for earlier years as well.

And, Mrs C is questioning the redress calculation on the sums she has been refunded with. Mrs C explained:

'I am unsure how they have arrived at their calculation, it appears they have just apportioned any interest or fees charged above £11,500 and refunded that interest, this does not take into account any compound interest that resulted.

Also if my credit limit had not been increased above £11,500 then any payments I made would have reduced the capital outstanding and I would have avoided interest accruing on balances below the £11,500.'

Barclaycard gave us consent to look at the whole of the lending relationship but had no, or only limited, records from 2009 up to September 2014.

One of our investigators considered the complaint. He asked Mrs C for copies of bank account statements as he needed to establish what her financial situation was before May 2017, as far back as was possible. He also asked for information surrounding 2009 so that he could assess whether the card ought to have been approved in the first place.

Mrs C did make enquiries with her banks and sent to us as much as she was able to send. She's now told us she cannot send anymore.

Our investigator issued his view in August 2024 which, with limited information from both parties for the periods leading up to May 2017, meant that he could not assess whether there'd been any irresponsible lending by Barclaycard before that date.

Mrs C said that as Barclaycard had already accepted that from May 2017 it had lent to her irresponsibly she did not understand why that was inapplicable to earlier years. Mrs C has said she was paying a great deal out to lenders (either loans or other cards) and so does not think Barclaycard ought to have raised her limits before 2017. Mrs C has said that she does not think she should have been charged any interest or fees from the limit increase in 2013. By this Mrs C appears to be referring to the first credit limit increase in May 2013 when it was increased from £3,000 to £4,500.

The unresolved complaint was passed to me to decide.

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 set out our approach to complaints about irresponsible lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Barclaycard needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mrs C irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Barclaycard carry out reasonable and proportionate checks to satisfy itself that Mrs C was in a position to sustainably repay the credit?
 - If not, what would reasonable and proportionate checks have shown at the time?
- Did Barclaycard make fair lending decisions?
- Did Barclaycard act unfairly or unreasonably towards Mrs C in some other way?

Before 2014 the Office of Fair Trading was the body which oversaw lenders and that they lent responsibly. The approach used above is taken from the Financial Conduct Authority wording which took over regulatory duties from 2014.

It's not about Barclaycard assessing the likelihood of the credit being repaid, but it had to consider the impact of the repayments on Mrs C. There is no set list of checks that it had to do, but it could take into account several different things such as the amount of credit, the monthly repayments, and the overall circumstances of the borrower.

From reading Mrs C's response to our investigator's view, Mrs C wants me to review the period leading up to May 2017 meaning the time leading up to the other credit limit increases. The increase approved before May 2017 was 6 July 2016. Before that they were 1 September 2014, 8 January 2014 and then one in May 2013.

Mrs C has not asked for the ombudsman's review to include the initial card approval in September 2009. And as neither party can provide me any information about the application in 2009 or Mrs C's financial situation in 2009 I would not be able to do that. So, I have not.

I appreciate that Mrs C may believe that it is unfair to expect her to provide information about her circumstances which she doesn't have the information available. But I also have to take

into account that Barclaycard isn't necessarily required to have all of the information either and I have to decide the complaint on what I have before me.

Background information

I appreciate that Mrs C feels strongly about her situation and says that the credit limit increases exacerbated her financial situation and led her to get deeper into debt. So, I have taken time to read all the other complaint files we have for Mrs C which include those brought about other credit cards, a loan provider and one in relation to an overdraft on her main account with a high street bank I'll refer to as SB Bank.

Reading all the complaint files has been useful, and Mrs C has encouraged us to use that other information to piece together a picture of her overall situation.

Mrs C has done her best to provide us with as many bank account statements as possible from a variety of banks. But most of these cover the period during which Barclaycard has already agreed to uphold the complaint and so do not assist me when reviewing Mrs C's situation back to 2013, when she says the credit limits ought to not have been granted.

I have seen we have some of Mrs C's bank statements for 2016 and we have some of the Barclaycard credit card statements for that period too and I have reviewed them.

There were some bank statements on the other complaint files but none which covered the time from 2013 to 2017.

I have seen that Mrs C has sent to us several copies of her credit file which has been of some use but inevitably do not go back far enough to demonstrate her financial position in the period 2013 to 2017 as credit files only go back six years.

What the credit file does demonstrate is that for six years back from the date of that credit report (May 2022) there were no adverse records such as overdue payments, defaults, arrears, insolvency, or other matters and this does demonstrate to me that Mrs C's credit history for that period was good. I can only comment on that period.

What I've gathered from reading all of Mrs C's complaints is as follows: I understand that Mrs C is married and her husband still works full time. I've seen from her own explanations and the credit file copies that Mrs C holds more than one bank account, at least one of which is a joint one with her husband. Mrs C has explained that the money her husband earns is used to pay the household bills and other elements of running a family.

Mrs C has said that she worked up until January 2016 when she was made redundant and that redundancy money was used to pay off the mortgage. Mrs C says she has no mortgage now but I have seen from her credit file copies that she has one with her husband with a Building Society. The outstanding balance is around £16,000 now which I consider to be low. The repayments are low. About five years ago the outstanding balance was around £30,000.

Mrs C has explained that the account ending *9880 with SB Bank is her main daily use account and is in her sole name. We have many of those statements. One of Mrs C's other complaints is about an overdraft and relates to that one. I think that there are at least four other accounts Mrs C has just with SB Bank alone but we have none of the other SB Bank account statements. But as Mrs C has explained, it only provides statements going back seven years from the request date which, as time progresses, means that the seven years start date gets later and later. It is one of the downsides of bringing a complaint many years after the events complained of – that information maybe limited or no longer available.

And in any event, as Mrs C's issues surround the lending decisions before 2017 then trying to obtain further bank account statements for the past seven years would not bridge the knowledge gap relating to that earlier period from 2013.

We have no information as to what Mrs C earned between 2013 and 2016.

Mrs C has explained that she earns money from two rental properties but I've seen no evidence of that and I do not know any details or when that income stream commenced. It may be that the mortgage relates to one of those investment properties.

Mrs C has explained that a large payment into an account of £57,940 was from a probate sale of an inherited property the proceeds of which she split with her brother in November 2018.

Similarly, and understandably, Barclaycard has said it cannot provide records leading up to September 2014. What I do have for the periods after that date I've reviewed.

Did Barclaycard carry out reasonable and proportionate checks? Did it make fair lending decisions?

Barclaycard says Mrs C would have been provided with the credit limit increases based on how her credit card was being managed, credit searches, which would have showed her external debt, that it carried out with credit reference agencies and some information on her income and expenditure.

Up to January 2016 Mrs C was working and so although I have no details of her income and what it was at each of the credit limit increase dates, I note that she was receiving an income. But as I explained earlier in the decision, details from other complaints Mrs C has referred to us, have provided me with information which indicate that Mrs C may not have been working but had other sources of capital or income around that time. The significance being that had Barclaycard done additional checks, these are the sort of details it's likely to have discovered.

May 2013

Barclaycard has supplied me with a spreadsheet which does show Mrs C's credit card balances each month and her repayments towards the card from 1 April 2012. From this I can see that for the period up to May 2013, Mrs C was using the card to a low capacity – meaning she was usually only using between 17% and 30% of the limit available to her then (£3,000).

Most months she paid the card off in full or almost did and so was repaying well over the minimum payment required under the credit card contract. In April 2013 Mrs C paid it off completely. So, my view in relation to the May 2013 credit limit increase – using the limited information I have – is that I do not consider it to have been an irresponsible lending decision to raise her limit knowing Barclaycard would have made that decision within context at the time.

January 2014

Barclaycard has supplied me with a spreadsheet which does show Mrs C's credit card balances each month and her repayments towards the card from 1 April 2012.

For the period leading up to the January 2014 credit limit increase, Mrs C's balance was never particularly high and despite her minimum payments being required being modest,

Mrs C repaid well above the required amount each month. For example, the card balance in June 2013 was £603, the minimum payment due was £12 and the amount Mrs C repaid was £711. In November 2013, the card balance was £2,404, the minimum payment due was just under £59 and Mrs C repaid almost £972.

Without more about Mrs C's finances – which from what she has told us isn't available - to substantiate the submission that Barclaycard ought to have made further checks and from those seen she could not afford the credit limit increase, I have no evidence to lead me to come to that conclusion.

September 2014

For the September 2014 credit limit increase – I have no financial information about Mrs C from that time, meaning her income, outgoings, and other items of expenditure. Mrs C says that she'd taken a large loan costing her about £307 a month but she did not take that until October 2014. I know this as Mrs C's other complaint is about those loans and so I have seen some of the details from that lending business. Barclaycard would not have known of this loan.

In February 2014 Mrs C paid the card off completely and then hardly used it for several months up to August 2014. And even then, the card balance was £816 on a £6,000 credit limit which is a low utilisation rate. And so, on what I have, and knowing that Barclaycard would have made any decision to increase the credit limit in September 2014 within that context, I see no reason to come to a conclusion it did so irresponsibly. Mrs C's good record on the management of the account would have been part of its assessment before increasing the limit.

July 2016

Up to January 2016 Mrs C was working and so although I have no details of her income I note that she was earning. After her redundancy which I am aware may not have been easy at the time, Mrs C has mentioned that her redundancy money was enough to pay off, or pay down, the mortgage. I've seen from records I have that she paid about £5,500 off her Barclaycard around March 2016 which I think may well have been funds from that redundancy.

So, although not bringing in an income is a negative element of any creditworthiness assessment any lender may carry out, the July 2016 credit limit increase would have been made by Barclaycard in the context of seeing that she'd paid down her card almost to zero in March 2016. And if it had asked for more details surrounding her financial situation then in or around early 2016 Mrs C would have been able to tell Barclaycard that despite not working anymore she had received an injection of cash. So, I doubt that its decision would have been different.

My findings

I'm unable to tell from lack of records from both parties exactly what Barclaycard would have found out even if it did a thorough financial review at each credit limit increase. What I have seen surrounding the information I do have for 2016 does lead me to think that even if Barclaycard had carried that out in July 2016 then it's unlikely it would have made a difference to the credit limit increase offered to Mrs C at that time.

For those increases in 2014 and 2013 I simply don't know. In the absence of sufficient evidence to show me that the monthly payments required to repay the increased credit limits were in fact unaffordable to Mrs C, I cannot reasonably conclude that reasonable and proportionate checks would have shown that the 2013 and 2014 credit limit increases were unaffordable and that Barclaycard shouldn't have offered them.

Overall and having carefully considered everything and while I appreciate that this will disappoint Mrs C, I do not uphold Mrs C's complaint about the credit limit increases between May 2013 and July 2016 inclusive.

Did Barclaycard act unfairly or unreasonably towards Mrs C in some other way?

Barclaycard has refunded Mrs C for the periods from May 2017. Mrs C has raised with us a query surrounding Barclaycard's calculation of that refund.

As I've mentioned in the background section of this decision about the complaint, Barclaycard upheld Mrs C's complaint from the point when her credit limit increased above £11,500. It felt the lending to that point was appropriate for her.

From the explanation it has given and what Mrs C has said about the redress applied, the offer it made was in line with what we'd ordinarily expect a business to do when we uphold a complaint of this nature. Therefore, I've focussed my decision on the earlier part of her complaint.

And as I've said, my decision is that I do not uphold that part.

My final decision

My decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 11 November 2024.

Rachael Williams
Ombudsman