

The complaint

Miss G complains that TSB Bank plc ("TSB") lent to her irresponsibly when it provided her with a credit card (and later when it increased the limit) and that this lending means she is now in a large amount of debt which in turn has affected her mental health.

Miss G also complains about TSB irresponsibly lending to her by providing her with loans and about a telephone conversation she had with one of its representatives. However, these issues have been dealt with separately and so I'll just be looking at Miss G's complaint in relation to her credit card in this decision.

What happened

Miss G applied for a credit card with TSB in August 2022. TSB approved a Platinum Mastercard with a credit limit of £10,000. Miss G's credit limit was increased to £10,750 in August 2023. The last correspondence from TSB showed Miss G's credit card was still active. But Miss G has since told us she has transferred her outstanding balance to another lender.

Following Miss G's complaint, TSB wrote to her and explained that it wasn't upholding the complaint. Unhappy with this response, Miss G referred the complaint to us.

Our investigator upheld Miss G's complaint in part. They said TSB should have done more to check a £10,000 credit limit was affordable for Miss G. But the investigator's view was that had further checks been conducted, TSB would have concluded that the lending was affordable for Miss G.

However, the investigator concluded that TSB should not have increased Miss G's credit limit to £10,750. They said TSB should have seen Miss G was withdrawing large amounts of cash on her credit card prior to the increase, which suggested she was not managing her credit card well. Our investigator concluded that TSB should pay back the interest and charges above any balances over the original credit card limit of £10,000.

Miss G initially agreed with the investigator's opinion. TSB didn't agree. It said Miss G was able to withdraw cash on her credit card and it does not consider cash withdrawals to be an indicator of financial difficulties. This is because credit cards include the facility to withdraw cash. TSB said Miss G had not missed any repayments, there were no late repayments and she had not gone over her limit. TSB further said the payments appeared affordable for Miss G when considering her income and overall affordability.

Subsequently, the investigator issued a second opinion explaining the reasons why these comments hadn't changed his mind about the outcome.

TSB didn't respond. Miss G provided further information for the ombudsman to consider and asked that the initial approval of the credit card also be considered.

The case has been passed to me to make a decision.

On 27 August 2024 I issued a provisional decision on this case. In summary I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint but having done so I've reached a different conclusion from that of our investigator.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Miss G's complaint.

Having carefully thought about everything I've been provided with, I'm not upholding Miss G's complaint. I'd like to explain why in a little more detail.

TSB's decision to grant Miss G an account in August 2022

Miss G applied for a credit card online and was approved for a Platinum Mastercard credit card with a £10,000 credit limit. As part of Miss G's application, she declared that she was employed full time as a professional and was receiving a gross annual income of £65,000.

Miss G also declared that she was a homeowner with a mortgage and that she had essential outgoings amounting to £1,300. This was made up of £500 for her mortgage and £800 for her essential living costs. Miss G also declared that she envisaged no changes in her circumstances in the next 12 months which would affect her ability to repay any lending granted by TSB.

TSB says it used internal credit scoring and conducted a credit check to determine whether to lend to Miss G and it also considered how she managed her TSB accounts. TSB says it doesn't retain copies of credit checks, so it could not provide any information showing what it saw from the credit check at the time of the application. TSB was able to see that Miss G held a £100 overdraft on her TSB current account which wasn't being utilised and that she held a loan with it with an outstanding balance of £2,012.

As TSB was not able to provide the results of the credit check it conducted as part of the application process, I considered a copy of Miss G's credit file which she provided to our service. This was to understand what TSB would have likely seen about Miss G's finances at the time of her application.

At the time of Miss G's application, I can see she had a joint mortgage, two bank accounts, two loans, two credit cards, a car insurance policy, a water account and a mail order account. Miss G's credit cards had credit limits of £12,800 and she was utilising around 35% of the credit limits.

I am unable to see what repayments Miss G was making towards her two existing credit cards, but I consider 5% of the balances to be a fair estimate. So this means Miss G had monthly repayments for her credit commitments amounting to around £990.50, which included her half towards her mortgage.

Miss G's credit file also showed she was up to date on her repayments, and I can't see any adverse information on it which would have caused TSB concerns about her ability to meet her repayments.

Miss G had declared that she had essential monthly living costs amounting to £800. So, along with the information I can view from her credit file, in conjunction with her income, I think the repayments for this credit card appeared affordable. I am also mindful that Miss G transferred the balance from one of her existing credit cards to her TSB card, taking advantage of a 0% promotion.

I've thought about our investigator's reasons for concluding that TSB did not complete proportionate checks. He specifically said that TSB's checks alone were not sufficient to establish if a £10,000 credit limit would be affordable for Miss G and that TSB should have checked her bank statements as it had access to these.

I can't conclude that TSB approving a £10,000 limit, on its own, was enough to warrant additional checks. I say this because Miss G declared that she had a yearly income of £65,000 so the credit limit seemed proportionate to her income. Whilst TSB was not able to provide the details of Miss G's credit check results, based on what I have viewed about her finances on her credit file and the information she declared, I think the lending appeared affordable as well as sustainable.

But as TSB and Miss G provided copies of her bank statements showing her finances leading up to the approval of the credit card, I've looked at this information. Miss G was receiving a weekly salary which would have amounted to around the same as what she had declared about her income.

Miss G says she was gambling at the time and had been since she was diagnosed with cancer in 2018. Miss G says these gambling transactions should have been evident from the amount she was withdrawing in cash as well as transfers to another account in her name. I'm sorry to hear that Miss G's circumstances have been difficult since her diagnosis and that she was in a cycle of using betting sites as a way of coping.

I can see evidence of betting transactions showing on Miss G's bank statements on 28 June 2022, but I am mindful that these transactions did not appear on her other statements in the months leading up to her application. I understand Miss G says she was withdrawing cash in order to gamble and she was transferring money to another account in her name in order to gamble. But based on all the information I can view on her bank statements, I don't think TSB would have reasonably been aware that these transactions were for gambling.

Overall, I don't think TSB unfairly approved Miss G's credit card with a credit limit of £10,000 for the reasons I have explained above.

TSB's decision to increase Miss G's credit limit to £10,750 in August 2023

Around a year into the lending relationship, TSB approved a credit limit increase of £750. This meant Miss G's credit limit was now £10,750. TSB says it took into consideration how Miss G was managing her accounts and it has implied that a further credit check was conducted before approving the higher limit.

As TSB have not been able to provide evidence of its credit check, I've looked at a copy of Miss G's credit file which she has provided to our service. I can see Miss G's credit commitments were similar compared to when she applied for her credit card a year prior. Whilst Miss G still held two credit cards with other lenders, one of these had no outstanding balance and the other had a fairly small balance. Miss G had also recently taken out a new loan with TSB for £1,000.

It appeared that Miss G was up to date on her repayments. She had missed a repayment on her mail order account four months prior, but she brought her account up to date shortly after so I don't think this should have concerned TSB. Other than this missed repayment, no new adverse information had been applied to Miss G's credit file since her application a year prior.

Our Investigator concluded that TSB should not have increased Miss G's credit limit. This was on the basis that Miss G had been using her credit card in order to withdraw cash. The investigator concluded that Miss G had made 33 cash withdrawals totalling £3,300 and this suggested she was reliant on this facility. Due to the costs associated with cash withdrawals, our investigator thought this would have put Miss G in a worse financial position.

But once the credit card was in use, it was up to Miss G how she decided to use the credit limit available to her. It wouldn't be proportionate for TSB to review every transaction Miss G made.

I've considered how Miss G had been managing her credit card prior to the increase. She was using around £9,616.99 of her credit limit of £10,000. She had no late fees, no missed repayments and no over the limit fees applied. Miss G was also mainly paying more than her minimum repayment and there were no transactions for gambling showing on her credit card statements. So, during the time that Miss G held her credit card, I can't say this would have given cause for TSB to believe these cash withdrawals indicated signs of obvious financial issues.

TSB went on to approve a fairly small increase in comparison to her existing credit limit. Having reviewed all the information I have received in relation to Miss G's complaint, I don't think TSB acted unfairly by offering this increase.

I acknowledge that Miss G has shared some sensitive personal information with us about how this issue has affected her. I do hope things have improved for Miss G since she held this credit facility, especially considering she has told us she is now working with several organisations in relation to her debts.

My provisional decision is I don't uphold Miss G's complaint. I appreciate that Miss G will be disappointed with this. But having considered everything that both parties have said and submitted, I'm simply not persuaded, in the particular circumstances of this case, that TSB made an unfair lending decision when approving Miss G's credit card as well as when it increased her credit limit.

Did TSB act unfairly in any other way

I've also considered whether TSB acted unfairly or unreasonably in any other way, including whether the relationship between Miss G and TSB might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think TSB lent irresponsibly to Miss G or otherwise treated her unfairly in relation to this

matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

TSB told us that it had nothing further to add and Miss G didn't respond 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.

As I haven't any new evidence to consider from either TSB or Miss G, I see no reason to depart from my provisional findings and I confirm them as final.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 8 October 2024.

Paul Hamber
Ombudsman