

The complaint

Mr S complains that Barclays Bank UK PLC (Barclaycard) irresponsibly gave him a credit card and credit limit increases, and this caused him to get into financial difficulties.

What happened

Barclaycard provided Mr S with a credit card as follows:

Date	Event	Credit Limit
March 2017	Account opened	£3,500
October 2017	Limit increase one	£5,000
February 2018	Limit increase two	£6,000
September 2018	Limit increase three	£7,500
July 2019	Limit increase four	£9,000

In March 2024 Mr S complained to Barclaycard that it had increased his credit limit without making sure the repayments would be affordable and this had caused him to get into financial difficulties.

Barclaycard said the decision to give Mr S the credit card with a limit of £3,500 and the limit increases in October 2017 and February 2018 were made more than six years before he made his complaint and Mr S ought to have known he had cause for complaint more than three years before he referred it. So, it thought Mr S's complaint about these lending decisions had been referred too late under the relevant complaint handling rules.

However, Barclaycard said it should not have increased Mr S's limit in September 2018 based on the information it had on his usage of the credit card shortly before the increase was agreed.

Barclaycard refunded all interest and charges on balances over £6,000 from September 2018 and offset this against Mr S's outstanding balance. It said it would reduce his credit limit to £6,000 once his balance was back below this. It also said it would instruct the credit reference agencies to remove any adverse information that had been recorded on his credit file from September 2018.

Dissatisfied with this response, Mr S referred his complaint to this service.

An investigator here didn't think Mr S's complaint should be upheld. He didn't think there was enough evidence to suggest Barclaycard had lent irresponsibly to Mr S before September 2018, and he didn't think it had treated him unfairly by reducing his credit limit after Mr S made his complaint.

Mr S did not agree with the investigator and asked an ombudsman to review his complaint. He said (in summary):

- a refund of interest and charges from September 2018 did not go far enough as he's still in a repayment plan.

- His credit score with the credit reference agencies has got worse since his credit limit was reduced as his credit utilisation for this account is almost at 100% now.

The complaint has therefore been passed to me.

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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Barclaycard thinks part of this complaint was referred to us too late because some of the lending decisions took place more than six years ago. Our investigator explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974, and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

Seeing as I've decided not to uphold Mr S's complaint and given the reasons for this (which I'll go on to explain), it has no impact on that outcome whether Mr S referred his complaint about the specific lending decisions that happened more than six years ago in time or not. Like the investigator, I think Mr S's complaint should be considered more broadly than just those lending decisions seeing as he complained not just about the decision to lend but also the impact this had on him over the course of his relationship with Barclaycard. Mr S's complaint in this respect can therefore reasonably be interpreted as a complaint about the fairness of his relationship with Barclaycard. I acknowledge Barclaycard still doesn't agree we can look at parts of this complaint, but given the outcome I have reached, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Mr S's complaint can be reasonably interpreted as being about the fairness of his relationship with Barclaycard, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974 ("CCA").

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Barclaycard) and the debtor (Mr S), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given what Mr S has complained about, I therefore need to think about whether Barclaycard's decision to lend to Mr S and increase his credit limits or its later actions created unfairness in the relationship between him and Barclaycard such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that

unfairness.

Mr S's relationship with Barclaycard is therefore likely to be unfair if it didn't carry out proportionate affordability checks where doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove any unfairness this created.

When assessing affordability, there wasn't a set list of checks that Barclaycard needed to complete, but they needed to be borrower focussed and proportionate to things like the type of lending, the cost of the lending as well as the amount, and how long Mr S would need to make repayments for.

Barclaycard provided some limited information about the affordability checks it carried out. This included a note from the time of the initial lending decision that Mr S's income was around £1,700, he lived with parents and his total monthly outgoings were around £560. For the subsequent credit limit increases it also had information from his monthly credit card statements which showed his spending and history of repayments. All of this information doesn't on the face of it show that the repayments on these lending decisions would be unaffordable for Mr S.

That being said, this doesn't necessarily tell me whether all of the checks Barclaycard carried out were proportionate or not. For example, Mr S's circumstances might have changed between the initial decision to lend and subsequent limit increases, but it doesn't appear that Barclaycard asked him about his income and expenditure before making these decisions. And it's not clear if Barclaycard made any enquiries of the credit reference agencies about Mr S's other credit commitments or repayment history, which is something it might reasonably have done given the amounts being borrowed.

However, Mr S said he can't provide his bank account statements or any other information to verify his income and expenditure around the time of the initial decision to lend and limit increases one and two. Given the time that has passed, this is perhaps understandable. However, it means that even if I were to find that Barclaycard did not carry out proportionate affordability checks, I've no way of knowing from the available evidence that more detailed checks would have revealed the repayments to be unaffordable for Mr S.

I've not therefore seen enough in this case to make me think that Barclaycard created unfairness in its relationship with Mr S as a result of lending to him irresponsibly – either initially or in respect of limit increases one and two.

Barclaycard accepts – and I agree – that it lent irresponsibly to Mr S when increasing his limit in September 2018 and July 2019 as it should have seen the kind of transactions Mr S was making on his credit card and not lent to him further. As an aside, Mr S was not making those kinds of transactions at the same frequency on the account before the lending decisions I've referenced in the paragraph above. So, it seems unlikely from the available evidence they ought to have been a factor in Barclaycard's decisions to lend then.

Barclaycard refunded all interest and charges from September 2018 on balances over £6,000. Mr S effectively said that this didn't go far enough to remove the unfairness Barclaycard created by lending to him irresponsibly because he still struggled to reduce his outstanding balance and had to enter into a repayment plan with it.

I find refunding the interest and charges that were taken on balances over £6,000 did remove this unfairness. Barclaycard returned the money it benefited from as a result of lending to him and Mr S received back the cost to him of borrowing that money. Mr S had the benefit of the funds he borrowed over that limit, so I don't think it was unfair that Barclaycard asked him to pay this back. It appears that Barclaycard agreed a repayment

plan so Mr S could make repayments that were more affordable for him, and I've not seen anything that makes me think it treated him unfairly when it did this.

Mr S said Barclaycard also treated him unfairly by reducing his credit limit from £9,000 to £6,000 once his balance went below this. He said this has negatively impacted on his credit score with the credit reference agencies as his credit utilisation on this account is now showing at nearly 100% whereas it was a lot lower before the limit was decreased.

The thrust of Mr S's complaint was that Barclaycard should not have increased his credit limit as the repayments were unaffordable for him. Barclaycard (and I) agreed this was the case for the limit increases above £6,000. To find Barclaycard unfairly reduced Mr S's credit limit back to £6,000 in those circumstances would be inconsistent with a finding that credit limits above that amount should not have been agreed. It would be asking Barclaycard to leave a credit limit in place that both Mr S and Barclaycard agreed was not affordable for him. I don't therefore find Barclaycard treated Mr S unfairly by reducing his limit to £6,000 once his outstanding balance went below this amount. The terms of his agreement permitted it to do this in the circumstances also.

Overall, and based on the available evidence it doesn't appear that Mr S's relationship with Barclaycard is currently unfair. It's not clear enough to me that Barclaycard created unfairness in its relationship with Mr S by lending to him irresponsibly initially or in respect of limit increases one and two. And any unfairness that may have been created by limit increases three and four has since been removed by Barclaycard. I don't find Barclaycard treated Mr S unfairly in any other way either based on what I've seen.

My final decision

For the reasons I've explained my final decision is that I do not uphold Mr S's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 January 2025.

Michael Ball
Ombudsman