

## **Complaint**

Mr J has complained that Barclays Bank UK PLC (trading as “Barclaycard”) irresponsibly provided him with credit card limit increases despite the fact that he was unemployed and already struggling to make his repayments.

## **Background**

Mr J’s credit limit was increased from £7,000.00 to £10,000.00 in December 2017 and then from £10,000.00 to £13,000.00 in August 2018.

One of our investigators looked at everything provided and he thought that proportionate checks would have shown Barclaycard that it shouldn’t have offered and provided the credit card limit increases to Mr J. So he thought that Mr J’s complaint should be upheld.

Barclaycard disagreed with our investigator’s conclusions and asked for an ombudsman’s review of the complaint.

## **My provisional decision of 7 October 2024**

I issued a provisional decision – on 7 October 2024 - setting out why I was not intending to uphold Mr J’s complaint.

In summary, I wasn’t intending to uphold Mr J’s complaint because I was satisfied that proportionate checks wouldn’t have prevented Barclaycard from providing the additional credit limit increases it did to Mr J.

## **Barclaycard’s response to my provisional decision**

Barclaycard didn’t respond to my provisional decision or provide anything further for me to consider ahead of my final decision.

## **Mr J’s response to my provisional decision**

Mr J didn’t respond to my provisional decision or provide anything further for me to consider ahead of my final decision either.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, including what has happened since my provisional decision, I’m still not upholding Mr J’s complaint. I’ll explain why in a little more detail.

We’ve set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website.

Barclaycard needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr J could afford to repay what he was being lent in a sustainable manner.

These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate. But certain factors might point to the fact that Barclaycard should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the frequency of borrowing, and the longer the period of time during which a customer has been indebted (reflecting the risk that prolonged indebtedness may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've kept all of this in mind when deciding Mr J's complaint.

Mr J's credit limit was increased from £7,000.00 to £10,000.00 in December 2017 and then from £10,000.00 to £13,000.00 in August 2018. The credit card Barclaycard provided Mr J with was a revolving credit facility. This meant that Barclaycard was required to understand whether Mr J could repay amounts of £10,000.00 and then £13,000.00 within a reasonable period of time.

I understand that Barclaycard carried out credit checks before agreeing to provide these credit limit increases. I've not been provided with anything which indicates that Barclaycard would have been aware that Mr J had any significant adverse information such as defaulted accounts or County Court Judgments ("CCJ") recorded against him. Furthermore, the rest of the information I've seen indicates Mr J only had one other active credit commitment at the time of these increases. So it's fair to say that Mr J's credit profile was reasonable.

What is important to note is that credit limits of £10,000.00 and £13,000.00 would have required relatively sizable monthly payments in order to clear the full amount owed within a reasonable period of time. Given the amount Mr J could have to pay each month in order to clear the total amount he could owe within a reasonable period of time, I would have expected Barclaycard to have found out about Mr J's income and expenditure (particularly about his regular living expenses) before providing these credit limit increases.

Mr J says that he was unemployed at the time these limit increases were provided to him. However, Barclaycard says that Mr J declared that he had an annual income of £30,000.00 in April 2017 and he then declared an annual income of £50,000.00 when he unsuccessfully applied for further credit limit increases in August 2018. I've reviewed the documentation provided. I'm satisfied that it does appear to show that Mr J made these declarations. That said, I can't see that Barclaycard took any steps to verify or cross check the declarations that Mr J had made.

As Barclaycard has been unable to evidence that it took steps to cross check or verify Mr J's declarations, that it took steps to ascertain his actual living costs and hasn't even argued that it did either of these things, I'm not prepared to accept that the checks it carried out before it offered to increase Mr J's credit limit in December 2017, or August 2018, were reasonable and proportionate.

Ordinarily, where a firm failed to carry out reasonable and proportionate checks before providing credit or increasing the amount available to a customer, I'd usually go on to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown.

Mr J says he has provided us with all of the information he has in order for us to be able to assess what his circumstances were like at the time he was provided with these limit increases. However, it appears as though he has only been able to provide us with bank statements for an account that he wasn't fully using at the time.

I say this because while I do accept that these statements don't show Mr J being in receipt of an income, other than a couple of direct debits to his credit cards there isn't any other expenditure for things like rent, bills, or living costs that you would normally expect to see on someone's main bank account statements. Equally, Mr J hasn't really been able to explain how he was able to manage his day-to-day expenditure without any income at all either.

Furthermore, I do need to keep in mind that Mr J declared being in receipt of an annual income of around £50,000.00 in August 2018. And the lack of any real expenditure indicates that Mr J has provided statements for an account that wasn't being used. I say this particularly bearing in mind Mr J has not been able to evidence and explain the payments, I will come on to describe further on in this decision either.

In these circumstances, I'm afraid that I don't have sufficient evidence to agree with Mr J's version of events, or that the repayments that would be required for these credit limit increases were, as a matter of fact, unaffordable for him.

I appreciate that Mr J may believe that it is unfair that he now needs to provide information which he doesn't have. But I also have to take into account that Barclaycard isn't required to have all of the information either and as this aspect of Mr J's complaint was made in time, I have to decide the complaint on what I have before me.

It is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any additional credit provided was unaffordable. And I'm afraid that the statements Mr J has provided are not sufficient evidence of it being the case that he would not have been able to make the increased monthly payments required should he owe the full amount of the new credit limits.

Furthermore, I'm not persuaded that the pattern of lending here indicated that Mr J shouldn't have been offered these credit limit increases. Having considered Mr J's credit card statements it appears as though he wasn't immediately using all of the new credit once it was granted, maxing out the facility and then remaining at his existing limit. From what I can see on the credit card statements there were no missed payments or any other payment difficulties prior to the limit increases either.

Indeed, Mr J actually cleared his balance in full, in September 2017, by making a payment of £5228.81. This was around three months before the increase to £10,000.00 was offered. Although I appreciate that this was a few months after the final limit increase, Mr J also cleared his credit card balance in full in May 2019. He made a payment of £9,999.99 in

April 2019 and then paid a further £2,742.57 in May 2019 which resulted in him having a zero balance.

These payments not only call into question what Mr J has said about being in receipt of no income at all but in these circumstances, I can't reasonably conclude that the pattern of lending here ought reasonably to have led Barclaycard to conclude that the limit increases offered were unsustainable either.

So overall and having carefully considered everything and while I appreciate that this will disappoint Mr J, I've not been persuaded that proportionate checks would have shown Barclaycard that it shouldn't have provided these credit limit increases to Mr J. And I'm therefore not uphold this complaint.

I appreciate this will be very disappointing for Mr J – particularly as the investigator's initial assessment indicated that his complaint should be upheld and I'm especially sorry to hear that he is unwell. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained above and in my provisional decision of 7 October 2024, I'm upholding Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 November 2024.

Jeshen Narayanan  
**Ombudsman**