

The complaint

Mr H complains that Barclays Bank UK PLC trading as Barclaycard lent irresponsibly when it approved his credit card application and later increased the credit limit.

What happened

In August 2017 Mr H applied for a credit card with Barclaycard. In his application, Mr H said he was working full time with an income of £39,500. Barclaycard carried out a credit search and found Mr H had existing unsecured debts of around £900 and that he was making monthly repayments of £21. Barclaycard used figures of £371.65 for Mr H's rent, £76.25 for council tax, £111.25 for utilities, and £578.64 for essential spending. Barclaycard used a total expenditure figure of £1,158.79. Barclaycard calculated Mr H's monthly net income was £2,502.27 and that he had a disposable income of £1,209.13 after his existing outgoings and commitments were paid. Barclaycard approved Mr H's application and issued a credit card with a limit of £5,100.

In December 2018 Barclaycard increased Mr H's credit limit to £6,600. When deciding to increase the credit limit Barclaycard used revised figures for Mr H's outgoings totalling £760.56 leaving a disposable income £1,567.54.

Last year, representatives acting on Mr H's behalf complained that Barclaycard lent irresponsibly. Barclaycard issued a final response on 26 June 2024 but didn't uphold Mr H's complaint. Barclaycard said it had carried out the relevant lending checks before approving Mr H's application and increasing the credit limit.

An investigator at this service looked at Mr H's complaint. They thought Barclaycard had completed reasonable and proportionate checks before approving the application and later increasing the credit limit. The investigator wasn't persuaded Barclaycard lent irresponsibly and didn't uphold Mr H's complaint. Mr H's representatives asked to appeal and pointed out Mr H's unsecured debts had increased and that he'd used credit cards for cash advances in the months before the credit limit was increased to £6,600. As Mr H asked to appeal, his complaint has been passed to me to make a 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.

Before agreeing to lend or increasing the credit limit, the rules say Barclaycard had to complete reasonable and proportionate checks to ensure Mr H could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;

- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

When Mr H applied for the credit card in August 2017 he provided information about his circumstances at the time. Mr H said he was earning £39,500 a year. Barclaycard also applied costs noted above for items like rent, utilities, council tax and general living expenses. I'm satisfied Barclaycard used reasonable figures for Mr H's outgoings and that he'd noted a reasonable income figure in the application. Barclaycard didn't find any evidence of adverse information on Mr H's credit file or signs he was struggling financially. Overall, I'm satisfied Barclaycard completed reasonable and proportionate checks when considering Mr H's credit card application in August 2017. I'm satisfied the information available to Barclaycard indicated a credit card with a limit of £5,100 was sustainable for Mr H and that he'd be able to repay it without causing financial harm. I'm sorry to disappoint Mr H but I haven't been persuaded Barclaycard lent irresponsibly when it approved his credit card application in August 2017.

I've looked at the lending data Barclaycard used when increasing Mr H's credit limit to £6,600 in December 2018. I note that in August 2017, Barclaycard used a reasonably comprehensive set of regular expenses in the application. But the figures used in December 2018 were not as detailed. For some reason, Barclaycard used a lower rent figure of £241.57 (down from £371.65 in August 2017). No deductions were made for council tax payments, utilities, essential spending or Mr H's credit commitments. And I note that Mr H's unsecured credit balance had increased from around £900 in August 2017 to around £13,500 in December 2018. In my view, that shows the way Mr H was using credit had changed between August 2017 and December 2018. And I think Mr H's representatives make a reasonable point when they say Mr H had used credit cards for cash advances in the months before his credit limit was increased to £6,600.

I think Barclaycard could've considered completing a more comprehensive set of checks before lending further. One option available to Barclaycard would've been to review Mr H's bank statements for the preceding months. Last year, we asked Mr H's representatives to provide bank statements covering the period September to November 2018 so I could get a better understanding of his circumstances in the months before the credit limit increase. Unfortunately, the bank statements weren't provided after a period of over one month. And the rules the Financial Ombudsman Service operates under require me to progress complaints in a timely manner. So I've used the available evidence and information we already have on file when reaching my decision on whether Barclaycard lent irresponsibly by increasing the credit limit.

Whilst I think Barclaycard had grounds to consider a more thorough approach before deciding to increase Mr H's credit limit to £6,600, I haven't been given the evidence requested to verify what it would've found. And, in the absence of that information, I think it's fair to say the lending data Barclaycard had available indicated Mr H was able to sustainably afford a credit limit increase of £1,500, taking it to £6,600. Mr H had a good track record of making repayments to Barclaycard. I note that in November 2018 Mr H's outstanding balance was £4,250 against a limit of £5,100 and there were no obvious signs he was struggling financially. Barclaycard's affordability data indicated to it Mr H had a disposable income of around £1,567 a month. Whilst I've noted Barclaycard used lower figures in its affordability assessment when increasing the credit limit, I think the disposable income figure

it used shows he had capacity to sustainably afford his existing outgoings and an increased credit limit to £6,600.

I understand Mr H used his credit cards for some cash advances in the preceding months, but I'm not persuaded that in itself was a sufficient reason for Barclaycard do take the decision not to increase the credit limit.

Based on the evidence provided by both parties, I haven't been persuaded that Barclaycard lent irresponsibly when it approved Mr H's credit card application and then increased the credit limit. As a result, I haven't been persuaded to uphold Mr H's complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship 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 Barclaycard lent irresponsibly to Mr H or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 February 2025.

Marco Manente
Ombudsman