

## **The complaint**

Miss M complains that Barclays Bank UK PLC trading as Barclaycard was irresponsible in its lending to her.

## **What happened**

Miss M was provided with a Barclaycard. The credit limit was increased on four occasions to £4,160 in January 2014. Miss M says that the credit provided was unaffordable and the credit limit increases shouldn't have happened. She said she struggled to make the minimum repayments and Barclaycard would have seen this but it kept increasing her credit limit.

Barclays Bank issued a final response letter dated 16 November 2023. It referred to the conversation it had with Miss M and said feedback had been recorded. It didn't uphold her complaint.

Miss M didn't think her concerns had been fully investigated and referred her complaint to this service.

A jurisdiction decision was issued saying that this was a complaint we could consider. Our investigator then assessed the merits of the complaint.

Our investigator issued a first view in October 2024. He explained that given the time that had passed, Barclaycard hadn't been able to provide evidence of the checks undertaken before providing the credit card and the credit limit increases. He said it was likely that a credit check took place and assessments of how Miss M was managing her account. However, he thought that Barclaycard should have also confirmed Miss M's income and other credit commitments at the time. He therefore considered what Barclaycard would have identified through proportionate checks. Our investigator requested copies of Miss M's bank statements for the three months leading up to each lending decision so he could understand what proportionate checks would likely have shown. Miss M wasn't able to provide these at that time and so he didn't find he had the evidence to uphold the complaint.

Miss M then provided copies of her bank statements for the months leading up to the credit limit increases. Our investigator considered the information in these and issued a second view. He explained that while it appeared that Miss M's account had been opened around 2003 there was no data available about this. Given the account opening was over 20 years before the complaint was raised he didn't think that it would be possible to fully establish what proportionate checks would have shown at that time and so he didn't find it possible to say that Barclaycard had acted unfairly. Regarding the credit limit increases, he looked through the bank statements provided and said these showed Miss M receiving a regular income and making payments for bills, credit commitments and other regular payments. He calculated her disposable income and found this was sufficient to cover the costs of the credit limit increases and as he saw no other evidence to suggest Miss M was in financial difficulty at the time he didn't find the evidence suggested the lending by Barclaycard was unfair.

Therefore, our investigator didn't uphold this complaint.

Miss M didn't agree with our investigator's view. She explained that while her bank statements showed she had sufficient disposable income, she was borrowing from relatives to make her payments and was transferring money between her accounts to make repayments for the amounts she had borrowed. She said she paid bills and bought food with cash. She explained that she was supporting her siblings and father at the time and was always operating in her overdraft. She said that her income dropped before the final credit limit increase which she said was the increase that she struggled with most. She thought that further checks should have happened before the limit increase was applied and that had these happened Barclaycard would have seen the increase as unaffordable.

### **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Given the lending decisions subject to this complaint all occurred more than six years before the complaint was raised, it is not unreasonable that Barclaycard no longer has evidence of the checks it undertook before the lending decisions were made. However, as the evidence showing the checks isn't available, I cannot say whether they were proportionate. In this case, I think it would have been reasonable to have gathered information about Miss M's income and carried out a credit check to understand the level of her existing credit commitments and how she was managing these as well as assessing her account management.

Miss M has provided copies of her bank statements for the months leading up to the credit limit increases. I haven't evidence to show her financial commitments at the time of the account opening. The initial credit limit appeared to be £300 and without any further evidence, I do not find I can say that Barclaycard was wrong to provide Miss M with the credit card account.

Miss M's credit limit was increased on four occasions. I have considered all of these but note her main concern was in regard to the final credit limit increase.

#### *Credit limit increase October 2011*

Miss M's credit limit was increased from £260 to £520 in October 2011. In the three months leading up to the increase, Miss M was receiving a monthly income of around £1,725. She had regular outgoings for a credit commitment (around £220), insurance (around £130) and a mobile phone (around £30) as well as general living costs. She also made payments for university costs in one of the months. I note Miss M's comments about borrowing from relatives and using cash to pay for bills and food and I can see she was making transfers to other accounts and making frequent cash withdrawals. But I haven't evidence to show that had proportionate checks taken place these would have identified the increased credit limit to be unaffordable. Miss M was using her overdraft, but her income cleared this each month

and considering Miss M's income compared to the amount she would need to pay for the £520 credit limit, I do not find I have enough to say that Barclaycard acted unfairly by applying this increase.

#### *Credit limit increase September 2012*

Miss M's credit limit was increased to £1,040 in September 2012. Her statements show her average income in the months leading up to the credit limit increase was around £1,846 and she had outgoings for insurance, mobile, and another credit commitment. Miss M's payments to credit commitments other than Barclaycard were not large and while taking into account the comment about borrowing from relatives, I do not find I have enough to say the checks would have suggested her indebtedness to be an issue. Miss M's income was clearing her overdraft each month and considering the repayments due on the increased credit limit, I do not find I have enough to say that this should have been considered unaffordable.

#### *Credit limit increase June 2013*

Miss M's credit limit was increased to £2,080 in June 2013. In the three months leading up to the increase her average monthly income was around £1,842. Her statements show limited credit commitments and her regular outgoings left sufficient disposable income for the increased credit limit to appear affordable. Therefore, I do not find that I have evidence to say that the credit limit increase was unaffordable or unfair for any other reason.

#### *Credit limit increase January 2014*

Miss M's credit limit was increased to £4,160 in January 2014. I note her comment that her income had reduced before this credit limit increase and her accounts show she was receiving a monthly income of around £1,668. Miss M's statements don't suggest that she had significant other credit commitments. I have taken into account Miss M's comments about supporting family members and borrowing from relatives, but I cannot say that proportionate checks would have identified this. And so, based on what I think credit checks at the time would have shown, I do not find I have enough to say that Miss M would have appeared overindebted.

While Miss M's income had reduced, her committed costs still left her with over £800 of disposable income which I think was sufficient to cover her other costs along with repayments on the credit card with the increased credit limit. Miss M was using her overdraft but she was clearing this each month with her salary and there were no other signs of financial difficulty such as returned direct debits. Taking everything into account I do not find I can say that Barclaycard was wrong to provide the credit limit increase.

For the reasons set out above, I do not find that I have enough evidence to say that proportionate checks would have shown the lending to be unaffordable or that there were other reasons why the credit shouldn't have been provided. Therefore, I do not uphold this complaint.

I've also considered whether Barclaycard acted unfairly or unreasonably in some other way given what Miss M has complained about, including whether its relationship with Miss M might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Barclaycard lent irresponsibly to Miss M 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.

**My final decision**

My final decision is that I do not uphold this complaint.

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

Jane Archer  
**Ombudsman**