

Complaint

Miss N has complained about a credit card and subsequent limit increase which TSB Bank plc (trading as "TSB") provided to her. She says that the credit card and limit increase was unaffordable for her.

Background

TSB initially provided Miss N with a credit card in January 2011. It no longer has records on the credit limit at the time the account was opened however it does know that the credit limit was £2,500.00 in 2013. In June 2014, the limit was increased to £3,250.00; it was then increased to £4,000.00 in October 2015; £5,500.00 in March 2016; before it was finally increased to £6,750.00 in October 2016.

One of our investigators reviewed what Miss N and TSB had told us. And he thought TSB hadn't done anything wrong or treated Miss N unfairly. So he didn't recommend that Miss N's complaint be upheld.

Miss N disagreed and asked for an ombudsman to look at her complaint.

My findings

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

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

Having carefully considered everything, I've decided not to uphold Miss N's complaint. I'll explain why in a little more detail.

Bearing in mind Miss N's response to our investigator, I think that it would be helpful for me to set out that we consider what a firm did to check whether repayments to credit were affordable (asking it to evidence what it did where possible) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the

regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement was affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've kept this in mind in determining Miss N's complaint.

What's important to note is that Miss N's credit card was a revolving credit facility rather than a loan. And this means that at the respective times that it decided to lend, TSB was required to understand whether a credit limit of £2,500.00, £3,250.00, £4,000.00, £5,500.00 and £6,750.00 could be repaid within a reasonable period of time. It's fair to say that credit limits of this much would have required reasonably chunky repayments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that TSB is likely to have carried out credit checks before agreeing to provide the card and the subsequent limit increases. However, it hasn't been able to provide us with the details of what these checks showed. Given this is in relation to lending decisions that took place between 2011 and 2016, I don't think that TSB being unable to provide this information at this stage is unreasonable.

I appreciate that Ms B has said it is TSB's responsibility to prove that the card and limit increases weren't irresponsibly provided. But I also have to take into account that it is Miss N that chose to make her complaint at the time she did, which is after this information is no longer available. Furthermore, TSB isn't required to have retained this information up until this point either.

As this is the case, I've not drawn any adverse conclusions as a result of TSB not being able to provide this information. In any event, I'm also mindful that the information that has been provided does not suggest that Miss N had any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") recorded against her at the time of any of these lending decisions.

Nonetheless, given the respective amounts being lent here, I think that it would have been reasonable and proportionate for TSB to have found out about Miss N's, income and regular living costs as well as any credit commitments before offering her a credit card with credit limits of £2,500.00, £3,250.00, £4,000.00, £5,500.00 and £6,750.00.

As I've not been provided with anything, including even a general description of TSB's process, to indicate that this was something that TSB did do, I'm not in a position to say that the checks it carried out before it offered Miss N her credit card or increased her credit limit on any of the occasions that it did were reasonable and proportionate.

Ordinarily, where a firm failed to carry out reasonable and proportionate checks before providing credit or significantly 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.

The earliest bank statements I've seen, which are from 2015, show that when Miss N's committed living expenses are added to what she was required to pay to her creditors and then deducted from the total amount of funds she received each month, she did have sufficient funds left over to make the required payments for credit limits of this amount. Based on the limited information I do have, I'm therefore not persuaded that the credit card or the limit increases were as a matter of fact unaffordable for Miss N.

For the sake of completeness, I would also add that I'm mindful that these credit limit increases were offered over a period of five and a half years. As I've explained, TSB has been able to provide the credit card statements from 2013 onwards. Having considered these statements, I can see that Miss N often made much larger credit card payments than she was obliged to make.

For example, in 2012 Miss N made payments of over £1,000.00 in December 2013; almost £1,000.00 in December 2014; £800 in July 2015; around £1,000.00 in September 2015; over £1,000.00 in August 2016; £1,050.00 in September 2016 and £3,000.00 in September 2017. Not only were these payments in excess of what Miss N was contractually obliged to pay at the time, but it's also fair to say that these were more than enough to clear a balance of even £6,750.00 within a reasonable period of time, if this was what Miss N would go on to owe.

As TSB was entitled to consider its previous lending history with Miss N, particularly in relation to the credit limit increases, it's arguable that the payments I've highlighted in the previous paragraph, in themselves demonstrate that Miss N could repay the amount she could owe as a result of the credit limit increases. And that TSB didn't act unfairly or unreasonably when increasing Miss N's credit limits when it did.

I do appreciate that Miss N has argued that it was, in itself, irresponsible for TSB to provide her with the credit limit increases it did. However, for the reasons I've explained, I'm afraid that this isn't a case where I can reasonably say that the limit increases and Miss N's account usage ought reasonably to have shown TSB that Miss N's indebtedness, on her credit card, was rapidly increasing in an uncontrollable way. Or that the pattern of lending here ought reasonably to have led TSB to conclude that the facility had become demonstrably unsustainable for Miss N either.

In reaching my conclusions, I've also considered whether the lending relationship between TSB and Miss N might have been unfair to Miss N under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think TSB irresponsibly lent to Miss N or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I don't think that TSB treated Miss N unfairly or unreasonably when providing her with her credit card or increasing her credit limit at the times that it did. And I'm not upholding Miss N's complaint. I appreciate this will be very disappointing for Miss N. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept

or reject my decision before 12 March 2025.

Jeshen Narayanan
Ombudsman