

Complaint

Miss W has complained that Barclays Bank UK PLC (trading as “Barclaycard”) irresponsibly provided a credit card to her. She says that she already had significant debts and that being provided with this card caused her difficulty going forward because of the impact that it had on her credit file.

Background

Barclaycard initially provided Miss W with a credit card, which had a limit of £4,500.00, in February 2018. The credit limit on Miss W’s card wasn’t increased.

In May 2024, Miss W complained saying that the credit card Barclaycard provided was unaffordable and caused her difficulty going forward because of the impact that it had on her credit file.

Barclaycard did not uphold Miss W’s complaint. As far as it was concerned it had carried out sufficient checks and these showed the credit card to be affordable. Miss W remained dissatisfied and chose to refer her complaint to our service as a result. When responding to our request for its file on Miss W’s complaint, Barclaycard told us that it believed Miss W had complained too late.

One of our investigators reviewed what Miss W and Barclaycard had told us.

She thought that she hadn’t seen enough to be persuaded that Barclaycard failed to act fairly and reasonably when providing Miss W with her credit card. So the investigator didn’t recommend that Miss W’s complaint be upheld.

Miss W disagreed with the investigator’s conclusions 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.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Barclaycard has argued that Miss W’s complaint was made too late because she complained more than six years after the decisions to provide the credit card and the credit limit increase as well as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between her and Barclaycard was unfair to her as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Miss W's complaint. Given the reasons for this, I'm satisfied that whether Miss W's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Miss W's complaint should be considered more broadly than just Barclaycard's decision to lend. I consider this to be the case as Miss W has not only complained about the decisions to lend but has also alleged that this unfairly caused her difficulty going forward because of the impact that it had on her credit file.

I'm therefore satisfied that Miss W's complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Barclaycard. I acknowledge Barclaycard may not agree that we can look at Miss W's complaint, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Miss W's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Miss W's complaint can be reasonably interpreted as being about the fairness of her relationship with Barclaycard, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Barclaycard) and the debtor (Miss W), 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. S140B 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 Miss W's complaint, I therefore need to think about whether Barclaycard's decision to lend to Miss W, or its later actions resulted in the lending relationship between Miss W and Barclaycard being unfair to Miss W, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Miss W's relationship with Barclaycard is therefore likely to be unfair if it didn't carry out proportionate checks into Miss W's ability to repay what she could owe, in circumstances where doing so would have shown it that the credit card was unaffordable, or that it was irresponsible to lend. And if this was the case, Barclaycard didn't then somehow remove the unfairness this created.

Our typical approach to complaints about irresponsible and unaffordable lending

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 W's complaint.

I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then 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 requirements have not and still do not mandate a list of checks that a lender should use. Any rules, guidance and good industry practice in place over the years has simply set out the types of things that a lender could do when considering whether to lend to a prospective borrower.

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 fair 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 that a prospective borrower might have to make were 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 checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Application to Miss W's complaint – Was Barclaycard's decision to provide Miss W with the credit card unfair?

Barclaycard says it initially agreed to Miss W's application after it obtained information on her income and carried out a credit search. And, in its view, the information obtained indicated that Miss W would be able to make the monthly repayments due for this credit card.

On the other hand, Miss W says that the credit card was unaffordable and caused her difficulty going forward because of the impact that it had on her credit file.

I've considered what the parties have said.

What's important to note is that Miss W was provided with a revolving credit facility rather than a loan. This means that Barclaycard was required to understand whether a credit limit of £4,500.00 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £4,550.00 reasonably sized monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Barclaycard concluded that Miss W had an annual income of around £15,000.00. Furthermore, the credit search showed that while Miss W did have other accounts what she owed on them was low. What's also important to note is that Miss W didn't have any significant adverse information recorded against her at this time. In these

circumstances there is a reasonable argument for saying that the checks Barclaycard carried out in this instance were reasonable and proportionate.

However, I remain mindful of the fact that a credit limit of £4,500.00 will have required reasonably sized monthly repayments, in order to repay what could be owed within a reasonable period of time. As this is the case, I would have expected Barclaycard to also have had a reasonable idea about Miss W's regular committed living costs, before providing such a credit limit.

As Barclaycard hasn't provided me with any indication that it did do this, I don't think that the checks it carried out before it provided this credit card to Miss W were reasonable and proportionate.

However, as I explained earlier on, even if we don't think that the lender did enough to establish whether the repayments to a credit agreement were 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 the checks in question are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Therefore, as Barclaycard should have done more before providing this credit card, I've gone on to decide what I think Barclaycard is more likely than not to have decided, had it done that here. As I've explained, given the circumstances here I would have expected Barclaycard to have had a reasonable understanding about Miss W's regular living expenses and used this to supplement what it had about her income and existing credit commitments.

I've considered the information Miss W has provided us with. Having done so, I'm satisfied that Barclaycard finding out more about Miss W's actual living expenses won't have made a difference to its decision to lend. Miss W has provided some bank account statements. The first thing for me to say is that Barclaycard did not need to obtain Miss W's bank statements before lending. So I've not looked at these bank account statements because Barclaycard ought to have obtained them from Miss W.

Nonetheless, these statements don't clearly show me that Miss W was struggling financially at this time. Furthermore, and most importantly, the nature of Miss W's transactions, which on the whole appear to have been discretionary, don't show me that she obviously couldn't make the required payments to this credit card. And Miss W's actual regular living expenses, at least at this time, don't appear to indicate that she couldn't have made the monthly payments she could have been required to make to this credit card.

So overall and having carefully considered everything and while I appreciate that this will disappoint Miss W, I've not been persuaded that Barclaycard's decision to provide Miss W with this credit card was unfair, or that it resulted in unfairness going forward either.

In reaching my conclusions, I've also noted that Miss W did eventually go on to have difficulty making the payments on her credit card. I've also considered Barclaycard's actions when Miss W fell into arrears and it became aware she was having difficulty making her payments.

In doing so, it looks like Barclaycard took steps to reduce her credit limit in order to prevent further arrears building up. Initially tried to help Miss W clear her arrears by setting up payment arrangements with her. Furthermore, Miss W's submissions also indicate that she managed to set up a repayment plan in order to repay her balance too.

Therefore, from the information I've been provided with, it seems to me that Barclaycard did attempt to exercise forbearance in accordance with its regulatory obligations when it became aware of Miss W's difficulty making her payments. As this is the case, I've not been persuaded that it acted unfairly in relation to this matter either.

Overall, and based on the available evidence I don't find that Miss W's relationship with Barclaycard was unfair. I've not been persuaded that Barclaycard created unfairness in its relationship with Miss W by irresponsibly lending to her whether when initially agreeing to provide her with a credit card. I don't find Barclaycard treated Miss W unfairly in any other way either based on what I've seen either.

So overall and having considered everything, while I can understand Miss W's sentiments and sympathise with the very difficult time that she has been through, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Miss W. 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 W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 14 April 2025.

Jeshen Narayanan
Ombudsman