

## **The complaint**

Mrs S complains that Barclays Bank UK Plc trading as Barclaycard (Barclaycard) acted irresponsibly by agreeing to open a credit card account and subsequent credit limit increases as she said the lending was unaffordable for her.

In bringing her complaint Mrs S is represented by a third party. For ease of reading I will only refer to Mrs S in my decision.

## **What happened**

In April 2018 Mrs S applied for a credit card account with Barclaycard. Her application was successful, and Barclaycard applied a credit limit of £800. In November 2018 Barclaycard increased Mrs S' credit limit to £1,000. And in November 2021 they increased her credit limit further to £1,500. Mrs S said she struggled to sustain her repayments and had Barclaycard checked her financial situation sufficiently they would have seen the lending was unaffordable. She complained to Barclaycard.

Barclaycard said their checks had been reasonable and proportionate. They said they'd used application and credit bureau data. They'd validated Mrs S' income and checked her credit history which showed she was up to date with her credit commitments with no signs of financial vulnerability.

Mrs S wasn't happy with Barclaycard's response and referred her complaint to us.

Our investigator said Barclaycard's checks were proportionate and reasonable and that their decision to lend to Mrs S was fair.

Mrs S didn't agree she said Barclaycard hadn't considered her expenditure before agreeing to lend to her. She asked for an ombudsman to decide.

## **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.

I appreciate my decision will be a disappointment for Mrs S but having done so I'm not upholding her complaint. I'll explain why.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. In considering this complaint I've paid due regard to the relevant law and regulations, any regulator's rules, guidance and standards. It's important that I don't hold Barclaycard to the standards that apply today, and which didn't apply at the time of Mrs S' application and subsequent credit limit increases.

Before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, they just need to ensure the checks are proportionate when considering things like: the type and amount of

credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

What's important to note is that Barclaycard provided Mrs S with a revolving credit facility rather than a loan. Unlike a loan where the repayment is generally a fixed amount each week or month, for a revolving credit facility the amount Mrs S would be required to repay is dependent on the transactions she made and any outstanding balance each month. And this means that Barclaycard was required to understand whether any credit limit could be repaid within a reasonable period, rather than in one go.

For the initial opening of the account Barclaycard was approving a credit limit of £800. While there's no set amount that needed to be repaid each month there was a requirement to consider the consumer's ability to repay the maximum amount over a reasonable period. So I think Barclaycard could have reasonably assumed Mrs S would need to be able to pay around £40 each month. I've considered the checks Barclaycard said they did.

A creditworthiness assessment should be based on sufficient information obtained from the consumer where appropriate and a credit reference agency (CRA) where necessary. Barclaycard said they used Mrs S application data and cross checked this with a CRA. Mrs S declared her income to be £24,700, and Barclaycard has shown they validated this with the CRA, with her net monthly income being £1,672.87. They have also shown they checked Mrs S' credit history which showed no signs of financial vulnerability. And Barclaycard used CRA data to assess Mrs S' other outgoings, such as mortgage and other household costs. Based on these checks they assessed Mrs S had non-discretionary expenditure of £1,253.87, which should have left her with a disposable income of £377.19.

Given the type and amount Mrs S was borrowing I think further checks would have been disproportionate. I think Barclaycard's checks were proportionate and reasonable. And I don't think that there was anything immediately obvious in the information that Barclaycard had which meant they shouldn't rely on it. So I'm satisfied Barclaycard made a fair lending decision.

Barclaycard increased Mrs S credit to £1,000 in November 2018, an incremental increase of £200. The relevant guidance required a firm to assume when carrying out their assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. A £200 increase would have meant I think around an additional £10 a month added to Mrs S' monthly outlay.

Barclaycard again checked Mrs S' income and expenditure with a CRA. This validated her income and showed she was managing her credit commitments well. Barclaycard also has the additional information as to how Mrs S was managing her credit card account. I can see Mrs S from April 2018 up to the credit limit increase in November 2018 was required to repay in total £66.04 but paid more than the requirement, in total £963.

I think the checks Barclaycard did were reasonable and proportionate given the type and amount being borrowed. Mrs S had a regular income, was managing her credit well with no signs of financial vulnerability. The credit limit increase meant Mrs S would have needed to repay an additional £10 a month, and as she was paying more than this already I don't think Barclaycard's decision to increase her credit limit based on the information they had was unfair.

Barclaycard increased Mrs S' credit limit in November 2021 to £1,500, an incremental increase of £500. As outlined above Barclaycard would need to check Mrs S could repay this over a reasonable period. A £500 increase would have meant I think around an additional £25 a month added to Mrs S monthly outlay.

Barclaycard again checked Mrs S' income and expenditure with a CRA. This validated her income and showed she was managing her credit commitments well. Barclaycard also has the additional information as to how Mrs S was managing her credit card account. And I can see she consistently repaid more than the minimum required, on average around £140 a month. With the increased credit limit of an additional £25 a month this would equate to a total monthly commitment for her Barclaycard repayments of around £75. As Mrs S was paying in excess of this each month, and there weren't any signs of missed payments or over the limit fees, I don't think Barclaycard needed to do any further checks. I don't think there was anything immediately obvious in the information that Barclaycard had which meant they shouldn't rely on it. So I'm satisfied Barclaycard made a fair lending decision

I've considered the comments made by Mrs S and accept that her circumstances might have been worse than what the information Barclaycard obtained showed. And that her non-discretionary expenditure might have been more than that calculated by Barclaycard. But, I don't think that there was anything immediately obvious in the information that Barclaycard had, including Mrs S' existing credit, which meant they shouldn't rely on it. So I don't think B should have asked Mrs S to provide further evidence in support of her expenditure, before providing her with credit.

I've also considered whether B acted unfairly or unreasonably in some other way given what Mrs S has complained about, including whether their relationship with her might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given, I don't think Barclaycard lent irresponsibly to Mrs S or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 30 July 2025.

Anne Scarr  
**Ombudsman**