

The complaint

Ms M has complained about credit limit increases Barclays Bank UK PLC trading as Barclaycard ("Barclaycard") provided to her. Ms M says she was barely making the minimum repayment amounts and so the increases were unaffordable. Ms M has also said the interest rate on the accounts are too high.

What happened

Barclaycard has provided Ms M with two credit cards and Ms M told the Financial Ombudsman that she was only wanting to complain about the credit limit increases I've set out below.

Account 1 – ending 9003

This card was opened in May 2001.

Date	Event	Credit limit	Increased to
March 2017	Credit limit increase	£9,950	£12,700

There were then two credit limit decreases taking the credit limit to £100 by July 2023 and Barclaycard says the account was closed in the same month.

Account 2 – ending 5007

This card was opened in January 2014.

Date	Event	Credit limit	Increased to
August 2015	Credit limit increase	£9,300	£10,800
August 2016	Credit limit increase	£10,800	£12,300

In April 2023, Barclaycard decreased the credit limit to £7,150 and the account remains open.

Two final responses have been issued in relation to this complaint. The first one dealt with the more recent lending decisions and Barclaycard concluded Ms M's complaint had been made too late. In February 2024, Barclaycard then dealt with Ms M's request to freeze the interest on the account and that she thought the interest rate was too high. It didn't uphold the complaint.

Barclaycard said the complaint about the credit limit increases was made too late but an Ombudsman colleague concluded the complaint about the credit limit increases as set out in the tables above were made in time. As such, the complaint was considered by an Investigator.

The Investigator concluded Barclaycard hadn't made an error by increasing the credit limit on account 2 in August 2015. But further checks were needed before Barclaycard increased Ms M's credit limit in August 2016 (account 2) and March 2017 (account 1). However, as

Ms M hadn't been able to provide copy bank statements the Investigator wasn't able to uphold her complaint about the two credit limit increases. Ms M disagreed saying in summary;

- Ms M says the minimum payment figures quoted by the Investigator in her assessment were incorrect.
- Ms M says in 2016 she had an overdraft on a current account with Barclaycard's sister company.
- In 2016, Ms M had debts on other credit cards and with loan providers.
- Following the assessment, Ms M contacted Barclaycard for assistance, and was told that as her outgoings exceeded her income and there wasn't anything Barclaycard could do to help and she doesn't want adverse payment information recorded with the credit reference agencies.

Later, Ms M provided bank statements for some of the dates the Investigator had requested. And then after that Ms M provided the cover pages of some more bank statements covering the period the Investigator needed. The Investigator wasn't persuaded to change her mind about the outcome she had reached. Ms M said the statements showed she was overdrawn each month which means;

"...it is obvious that they are not in a good financial situation otherwise if they were it does not matter what one expenditures are but at the end of the month their bank account would be in credit not in debt."

Miss M also reiterated that the complaint is about unaffordable lending and that Barclaycard gave her credit cards with high credit limits. And while Ms M did appear to pay more than the minimum payment this was only because she was moving the balances to accounts with zero percent interest.

I want to be clear that this decision will only focus on Barclaycard's decision to provide the credit limits set out in the table above. I won't be considering anything that occurred before those dates including the decision to provide the credit cards.

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.

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 Ms M's complaint.

Barclaycard needed to make sure it didn't lend irresponsibly. In practice, what this means is Barclaycard needed to carry out proportionate checks to be able to understand whether Ms M could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. 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 it – 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 or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

I think it would be helpful for me to set out exactly what I am considering in this complaint, and I've done this because while the complaint has been with the Financial Ombudsman Service other issues have occurred. To be clear, I am *not* looking at what happened with interest being charged in the December 2024 statement and whether Barclaycard has made a mistake with the minimum payment calculation as well as the difficulties Ms M has explained in trying to contact Barclaycard.

Barclaycard has also let us know that there have been further complaints about not accepting Ms M on to a repayment plan. Again, as these events occurred after the complaint was referred here and so these haven't been investigated as part of this complaint.

In relation to the above issues if Ms M is unhappy with how Barclaycard has dealt with those issues she is of course free to raise complaints and then subject to meeting our jurisdiction refer the complaints to the Financial Ombudsman.

August 2015 credit limit increase – Account 5007

Before this credit limit increase Barclaycard has said it was before it started to use an oncome validation tool. But this limit increase occurred just over 18 months after the account had started and where Ms M declared she was earning around £31,000 per year.

The Investigator said that Barclaycard hadn't made an unfair lending decision when it increased Ms M's credit limit and I would agree with this. I've taken a look at the account conduct from the information provided by Barclaycard, since the inception of the agreement.

While there are times that Ms M just made her minimum payments, the majority of the months since the accounts inception Ms M had made monthly payments over the minimum. For example, in the three months leading up to the increase, the minimum payment was around £160 but Ms M was paying £200 per month. So, I think this would've been evidence to Barclaycard that Ms M would be able to afford the credit limit increase.

I can also see from the copy statements provided by Ms M that in the months before this credit limit increase, she 'balance transferred' two amounts onto the card with the majority of the outstanding balance at this time being made up of these transfers which attracted a 0% interest rate.

Therefore, for similar reasons that the investigator provided, I'm not upholding Ms M's complaints about this credit limit increase because proportionate checks were carried out and which demonstrated the credit limit was affordable.

August 2016 credit limit increase Account 5007

Before approving this credit limit Barclaycard took steps to check Ms M's income through a tool provide by a credit reference agency. This tool uses data taken from current account turnover, so Barclaycard would've been confident based on this, that the limit increase was affordable.

Barclaycard also says it carried a credit search and it was aware Ms M didn't have any outstanding loans or mortgages and had total credit card debt of £8,501 – of which some of this would've been the credit balance Ms M held on her other Barclaycard.

As Barclaycard and the Investigator pointed out the account conduct look reasonable, Ms M was making payments in excess of the minimum that was required in the months leading up

to the credit limit increase. And this may have given Barclaycard confidence that Ms M could afford the credit limit increase.

I've reviewed the full statements provided by Ms M and I can see that at the time she had made use of balance transfer onto the Barclaycard. But I can also see what appears to be attempts to move some of the balance from her Barclaycard to other card providers. But even excluding those larger transfers out of the account, the direct debit payments Ms M was making to Barclaycard exceeded what was needed.

But in saying that, Barclaycard was increasing her credit limit to £12,300 while at the same time she had another Barclaycard account with a credit limit of £9,950. So, with this credit limit increase, Barclaycard was in effect giving Ms M access to a total credit limit of just over £22,000.

For the reasons set out above and like the Investigator I do think further checks were needed before allowing the credit limit to increase. I therefore, don't think Barclaycard carried out a proportionate check.

March 2017 increase on account 9003

Barclaycard has explained the sort of checks it carried out. It said that it carried out an income check using the same tool as above provide by the credit reference agency. But it's explained the results of this check aren't available. I don't know what income amount was used by Barclaycard to make it believe this limit was affordable.

It says that there wasn't anything within the account conduct that would've indicated that the credit limit increase wasn't affordable. But, Ms M already had on another Barclaycard a credit limit of over £12,000 which had only been approved seven months before this limit increase.

The March 2017 limit increase Barclaycard had extended £25,000 worth of credit to Ms M across two cards and so it was reasonable and proportionate for it to have had had a better idea of what Ms M's day to day living costs were – and this could've been done by reviewing her bank statements.

Barclays says that over the year preceding this increase, Ms M had made payments of than double what the minimum payments were made – indicating that a larger credit limit increase was and could be maintained.

I've also looked through the account conduct in general and can see that there were at times late fees applied to the statements – indicating that Ms M hadn't made her contractual payment when it became due. It looks like some of these were refunded, but still, they were initially charged.

And while the information provided by Barclaycard did suggest that Ms M could potentially afford the credit limit increase I also have to weigh this up against the late payments fees that I can see.

So, like the Investigator, I do think Barclaycard needed to have carried out further checks before it increased the credit limit on this card and have found more out about Ms M's actual financial position.

What would proportionate checks have shown Barclaycard had it made better checks before approving the August 2016 and March 2017 increases.

For both of the above credit limit increases I've concluded the checks that Barclaycard did before increasing the limits weren't proportionate. But that doesn't mean that the complaint should be upheld.

In cases of unaffordable lending, the first step is to determine whether the checks carried out by the lender were proportionate. For the reason the Investigator gave and for reasons I agree with and have set out above – given the amount of credit that was being extended to Ms M I do think, that further checks were needed before the two-credit limit increase above were provided.

However, deciding Barclaycard failed to carry out proportionate checks doesn't automatically lead to a complaint being upheld. I say this because as far as practically possible, the Financial Ombudsman would look to see what a proportionate check may have shown Barclaycard at the time. After all it's perfectly possible and plausible that had Barclaycard carried out proportionate checks then it still may well have increased the credit limits.

In this case, the Investigator requested copy bank statements from Ms M so she would be in a position to see what Barclaycard may have seen had it made better checks. There isn't anything or unusual about this. But to be clear, why the Investigator said bank statements could be used, this wasn't the only way or methods Barclaycard could've gone about looking into Ms M's circumstances more closely.

Initially, some of the statements were provided, and I have seen transactions made on the account for the following dates

- 16 April – 22 April 2016,
- 16 May – 26 May 2016,
- 17 June – 23 June 2016 and
- 17 January – 27 January 2017.

I've looked at above statements, and there isn't anything obvious from what I can see that had Barclaycard looked at the statements would've led it to conclude the increase in credit limits were unaffordable. But, these are only partial statements and so it's entirely possible there were other expenditure that I'm not aware of.

The Investigator explained to Ms M why further statements were needed and later Ms M provided the cover page of her June and August 2016 bank statement as well as the cover page for the February 2017 statement.

Ms M has said she won't be sharing any more of the statements with us because the cover sheet shows she was utilising her overdraft on the account and the rest of the information contained within the statements is private. Ms M says this should be enough to uphold her complaint. For reasons that I've explained below I disagree with this.

I've thought about this, but the cover page of the statements as well as the statement that I have to hand don't provide enough information for me to say that, had Barclaycard taken a closer look at her actual financial position, it would've decided the August 2016 and March 2017 credit limit increases were unaffordable.

And I say this bearing in mind I can't check the income or see what was actually happening through the month and the amount Ms M goes overdrawn each month does appear to vary. Based on the statement she's provided I'm not able to say that Barclaycard made an unfair lending decision.

Therefore, for the same reasons as the Investigator I do not uphold this complaint about any of the credit limit increases.

Other considerations

I've also noted what Ms M's complaint about the interest rate which was dealt with in Barclaycard's final response letter of February 2024. In summary, Ms M has said in effect said she wants the interest frozen on the account because the interest rate on the card (for account 2) was too high.

Firstly, whether or not Barclaycard ought to have frozen interest in January 2024 that is a conversation that needed to be had about Ms M's circumstances. If it's for a short term need- then freezing interest may not be an unreasonable course of action to have taken.

However, if this is due to a longer term need due to a change in circumstances or the card being unaffordable than this may well lead to adverse payment information being reported to the credit reference agencies. Which I know from the emails Ms M has sent to us she's keen to avoid.

But Ms M has said that the interest rate on the card is too high. I do need to point out that I am limited on what I can review in relation to this because I don't have the power or the remit to police the interest rate a lender may apply to an account. Ultimately, this is a matter for Barclaycard and its own commercial judgement.

But what I can see from the credit card statements provided by both Ms M and Barclaycard (for account 2) is between 2015 and 2018 the interest rate remained broadly similar at around 17.43% per year or around 1.45% per month.

I don't have any further statements from May 2018 until October 2024. But I can see from the October 2024 statement that the interest rate had increased, it's now showing as 1.8275% per month or around 21.93% a year. So, between 2018 to 2024 the annual interest rate on account 2 had increased by 4.5% per year.

I've thought about this but bearing in mind that the Bank of England's base rate has increased from 0.25% in January 2022 up to 5% in October 2024. I would therefore expect the interest rate charged by credit card providers or indeed any credit provider to have increased the interest rate they apply to their products. And thinking about the rate, I don't think the benefits of the card are significantly outside what Ms M maybe able to achieve had she opened a card with a different provider.

So, while Ms M may feel the cards interest rate is too high, I don't think Barclaycard has treated her unfairly by charging the rate of interest that it has.

As I've at the start of the decision, I'm not making any findings on what happened when Barclaycard froze the interest in the summer of 2024. But on a general point if a customer approaches a lender for help in making their payments we'd expect action to be taken.

This could be setting up a repayment plan with the lender or some other help and support which maybe appropriate. But the requirement is that Barclaycard needs to treat Ms M fairly and with forbearance.

And to be clear, should a payment plan be agreed or any other help and support provided, if this is a deviation from the contracted terms of the card then it may not be unreasonable for a lender to report that with the credit reference agency. I've noted Ms M is concerned about

the impact of any adverse information on her credit file but this will be something that she needs to consider.

For the reasons I've explained above I am not upholding Ms M's complaint about either the credit limit increases, nor the interest rate Barclaycard has applied to her account.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Barclaycard lent irresponsibly to Ms 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

For the reasons set out above I do not uphold Ms M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 28 August 2025.

Robert Walker
Ombudsman