

The complaint

Mr E complains that Barclays Bank UK PLC trading as Barclaycard lent irresponsibly when it approved his credit card application.

What happened

Mr E applied for a Barclaycard credit card in April 2019. In his application, Mr E said he was employed with an income of £34,000 a year. Mr E also said he was living with his parents. Barclaycard says it used a service provided by the credit reference agencies to help verify the income figure Mr E provided. Barclaycard also carried out a credit search and found Mr E owed around £5,200 in other credit card debt and £171 to on an overdraft facility. No adverse credit, defaults, payday loans or recent arrears were found on Mr E's credit file.

Barclaycard says it applied estimates for Mr E's outgoings on items like rent, utilities, council tax and other essential spending to the application. Barclaycard calculated Mr E had an estimated disposable income of £860 a month after covering his existing outgoings and approved his application, issuing a credit card with a limit of £8,000.

Mr E used the credit card and in July 2022 the limit was reduced to £4,000. The limit was then reduced to £3,500 in May 2023.

Last year, Mr E complained that Barclaycard lent irresponsibly and it issued a final response. Barclaycard said it had carried out the relevant lending checks before approving Mr E's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr E's complaint. They thought Barclaycard had carried out reasonable and proportionate lending checks before approving Mr E's application and weren't persuaded it lent irresponsibly. Mr E asked to appeal, so his complaint has been passed to me to make a decision.

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.

Before agreeing to lend, the rules say Barclaycard had to complete reasonable and proportionate checks to ensure Mr E could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Barclaycard used when considering Mr E's application above. I can see Mr E gave his income as £34,000 a year and Barclaycard used a tool provided by the credit reference agencies to check what he said – returning a monthly figure of £1,400. I accept that's somewhat lower than the figure Mr E provided in the application but I'm satisfied Barclaycard was using a realistic figure when carrying out its affordability assessment.

Barclaycard's shown Mr E advised he was living with his parents. But when Barclaycard considered Mr E's outgoings it took a more cautious approach by including estimates for items like rent, utilities and council tax. Mr E's application indicated he wasn't making payments for those items as he was living with his parents. So I think the decision to use higher outgoings shows Barclaycard was seeking to ensure the credit card was sustainable for Mr E in the long term. I'm satisfied that by checking Mr E's income and applying estimates for his outgoings Barclaycard completed reasonable and proportionate checks.

Barclaycard also carried out a credit search to get a picture of Mr E's circumstances. Mr E owed around £5,200 in other credit card debt and had an overdraft with an outstanding balance of £171. I'm satisfied Mr E's existing debts were consistent with his income. And I'm satisfied Mr E's credit file shows he was managing his credit well at this point with no apparent signs he was struggling or experiencing financial difficulties. In my view, Mr E's credit file showed he was in a stable financial position at the point of application.

Ultimately, Barclaycard completed its affordability assessment and reached the conclusion Mr E had an estimated disposable income of £860 after meeting his regular outgoings. I'm satisfied that was a reasonable conclusion for Barclaycard to reach based on the information it obtained and that Mr E was in a position to sustainably afford repayments to a new credit card with a limit of £8,000. Overall, I'm satisfied that Barclaycard carried out proportionate checks when assessing Mr E's application and that the decision to proceed was reasonable based on the information it obtained. I'm very sorry to disappoint Mr E but I haven't been persuaded that Barclaycard lent irresponsibly when it approved his credit card application.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Barclaycard lent irresponsibly to Mr E or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 6 August 2025.

Marco Manente
Ombudsman