

The complaint

Mr A complains that Bank of Scotland plc trading as Halifax irresponsibly lent to him.

Mr A is represented by a Claims Management Company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr A himself.

What happened

Mr A was approved for a Halifax credit card in March 2019 (which I will refer to as A in this decision), with a £1,000 credit limit. I have detailed the credit limit increases below:

June 2019	£1,000 to £1,750
August 2022	£1,750 to £2,500

Mr A was approved for another Halifax credit card in November 2022 (which I will refer to as B in this decision), with a credit limit of £2,500. Mr A says that Halifax irresponsibly lent to him. Mr A made a complaint to Halifax.

Halifax did not uphold Mr A's complaint. They said the credit limits were proportionate, and they believed Mr A had enough surplus income to warrant the credit limits given. Mr A brought his complaint to our service. Our investigator did not uphold Mr A's complaint. She said that Halifax hadn't acted unreasonably in approving the credit for Mr A.

Mr A asked for an ombudsman to review his complaint. He made a number of points. In summary, he said between June-October 2022 he was constantly in an unarranged overdraft, his expenditure exceeded his income, and when B was approved, he had a number of unsecured credit agreements, and he was overindebted.

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 approve or increase the credit available to Mr A, Halifax needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Halifax have done and whether I'm persuaded these checks were proportionate.

Acceptance for A

I've looked at what checks Halifax said they did when initially approving Mr A's application for A. Halifax have said that due to the time that's passed, they have limited information

regarding this. I can see Mr A declared a gross annual income of £21,000, and he declared he had total outgoings of £600. Therefore, I'm not able to say that the checks they performed prior to the £1,000 credit limit being approved were proportionate or not, or whether they made a fair lending decision here.

Halifax have provided a bank statement for the three months leading up to this lending decision, albeit I can't say whether it would have been proportionate for Halifax to make further checks, depending on what the original checks showed.

But I do note that Mr A's account is generally well run. He often has a three figure credit balance on the account, and although his statement shows he has a £250 overdraft limit, he did not enter his overdraft for the three months I looked at, and he had no returned debits.

Ultimately, I simply do not have sufficient evidence to conclude that Halifax did not make a fair lending decision when they approved Mr A's initial application for £1,000.

June 2019 credit limit increase for A - £1,000 to £1,750

Halifax used information from Mr A and from Credit Reference Agencies (CRA's) prior to increasing the credit limit to £1,750. The CRA reported that Mr A had no external unsecured debt at the time of the checks. The CRA also reported that Mr A had no defaulted accounts, no County Court Judgements (CCJ's) and no accounts in arrears at the time of the checks. Mr A was also showing as having no accounts in arrears for the previous six months prior to these lending checks.

But Halifax would have also been able to see how Mr A used his Halifax credit card prior to increasing his credit limit. The data shows that Mr A did not incur any late or overlimit fees since his account had been opened, and he often paid higher repayments than his minimum requested repayments. So it could appear he had the affordability for a higher credit limit.

Halifax used modelling and information from a CRA to complete an affordability assessment. And the affordability assessment showed that Mr A would have the affordability to sustainably make repayments for a £1,750 credit limit. So I'm persuaded that Halifax's checks were proportionate here, and they made a fair lending decision to increase Mr A's credit limit.

August 2022 credit limit increase for A - £1,750 to £2,500

A CRA reported that Mr A had unsecured debt of £16,041 at the time of the checks. The majority of this was loan debt (£14,355), which would have a fixed term and fixed monthly repayments. But this was substantially higher than at the last lending decision checks.

The CRA again reported that Mr A had no defaulted accounts, no CCJ's and no accounts in arrears at the time of the checks, or for the previous six months prior to these lending checks.

Halifax would have also been able to see how Mr A used his Halifax credit card prior to increasing his credit limit. The data again shows that Mr A did not incur any late or overlimit fees since his account had been opened, but he was utilising the majority of his credit limit.

Based on the increase of the unsecured debt between this lending decision and the last lending decision, I'm persuaded that Halifax should have completed further checks to ensure the lending was affordable and sustainable for Mr A.

There's no set way of how Halifax should have made further proportionate checks. One of

the things they could have done was to contact Mr A to ask him about the unsecured debt he had taken out since the last lending decision. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

As Mr A banked with Halifax at the time of the checks, Halifax have provided Mr A's bank statements leading up to this lending decision. At times Mr A became overdrawn, however, he was using an arranged overdraft limit. His arranged overdraft limit was £1,000, and at no point of the three months I looked at did Mr A use more than a quarter of the overdraft limit available to him.

Halifax have also forwarded Mr A's statements for his Instant Saver account that he held with them which showed he frequently had a three/four figure credit figure in the three months leading up to this lending decision.

So if Halifax would have made further checks leading up to this lending decision, I'm persuaded that they still would have increased Mr A's credit limit to £2,500, and I'm satisfied that they made a fair lending decision here.

Acceptance for B

Halifax again received information from Mr A, and from a CRA prior to accepting Mr A's application for B. Mr A declared his gross annual income was £22,000, so it appears Mr A received more income than he did when A was approved.

The CRA again reported that Mr A had no defaulted accounts, no CCJ's, no accounts in arrears at the time of the checks, and no accounts in arrears for the previous six months. Halifax would have also been aware that Mr A incurred no late payment or overlimit fees since A had been opened.

Halifax completed an affordability assessment. I can see that the figure the CRA reported for Mr A's lending monthly credit commitments was similar to the last lending decision checks on A, only three months earlier, and Halifax used this, and modelling to see whether Mr A could afford sustainable repayments for the new £2,500 credit limit.

The results of the affordability assessment showed that Mr A should have enough disposable income to be able to sustainably afford repayments for a £2,500 credit limit. So I'm persuaded that Halifax's checks were proportionate, and they made a fair lending decision.

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 can't conclude that Halifax lent irresponsibly to Mr A or otherwise treated him 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 October 2025.

Gregory Sloanes

Ombudsman