

The complaint

Miss B complains Barclays Bank UK PLC trading as Barclaycard (Barclays) failed to carry out appropriate financial checks before approving a credit card account for her.

What happened

Miss B says she applied for a credit card account with Barclays which was approved in November 2019 with a credit limit of £950. Miss B says at the time she applied for the credit card she was already struggling financially and this would have been evident from her credit file. Miss B says Barclays failed to carry out sufficient affordability checks before it provided her with the credit card facility and wants Barclays to refund all interest and charges with 8% simple interest on that sum.

Barclays says it carried out affordability checks using information from her application along with external credit checks and an income and expenditure assessment using its own lending criteria. Barclays says there was nothing on Miss B's credit file to suggest she was struggling financially. Barclays says it carried out appropriate and proportionate borrower focused checks before the credit card facility of £950 was approved.

Miss B wasn't happy with Barclays' response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt while Barclays had carried out reasonable and proportionate checks it hadn't made the correct lending decision based on the information it had available. The investigator says from the application Miss B had completed, it showed she only had a modest level of disposable surplus income, taking into account her known declared expenditure so she wasn't in a position to increase her outgoings further.

With that in mind the investigator says Barclays should remove all interest fees and charges and refund this with 8% simple interest, and if the reworking of Miss B's account leaves an outstanding balance it should arrange an affordable payment plan with her.

Barclays didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I will also be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Miss B is experiencing financial difficulties and that must be a source of worry to her. When looking at this complaint I will consider if Barclays acted responsibly when it provided Miss B with a credit card facility of £950 in November 2019.

Miss B's complaint centres around the fact that when she applied for a credit card with

Barclays in November 2019, it failed to carry out appropriate financial checks before it approved a credit facility of £950 and if it had, it would have seen further lending to her was unaffordable.

The first thing to say here is that there are no set rules as to what checks banks like Barclays must undertake before it provides credit facilities, other than these are customer focussed, proportionate and take into account the sustainability and affordability of such a commitment.

Here I can see Barclays relied on the information provided by Miss B in her application and carried out external credit checks and internal credit affordability modelling, before approving the credit card. So here, it's reasonable to say Barclays did carry out reasonable and proportionate checks. Having said that, what is important to say here is having considered the information from the various sources, did Barclays come to a fair lending decision and like the investigator I don't feel it did.

I say this because from the information declared in Miss B's credit application, it showed her net disposable income at around £58 per month, which Barclays says after its own modelling "buffer" meant this was closer to £65 per month. What is fair to say is that no matter what, Miss B's disposable income was modest and at any one time it could be under pressure, if any unforeseen expenses came about.

It's fair to say the commitment here of a £950 credit card facility would add to Miss B's financial outgoings at a time when she was already close to what she could comfortably afford each month. For example, if Miss B was asked to repay a loan of this level over a reasonable period of time of say two years, this would have eaten into any modest level of disposable income she had available, suggesting the borrowing was unsustainable.

So, with that in mind I don't feel Barclays did enough to ensure this level of extra credit was affordable or sustainable, based on the information it had.

I've also considered whether Barclays acted unfairly or unreasonably in some other way given what Miss B has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974, but as I'm upholding this complaint I don't need to make a finding on this.

So, while Barclays will be disappointed with my decision, I am satisfied this is a fair outcome here.

Putting things right

I instruct Barclays Bank UK PLC trading as Barclaycard to rework the account removing all interest fees and charges that have been applied.

If the rework results in a credit balance, this should be refunded to Miss B along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Barclays should also remove all adverse information regarding this account from Miss B's credit file.

Or, if after the rework there is still an outstanding balance, Barclays should arrange an affordable payment plan with Miss B for the remaining amount taking back the debt if sold to a third party.

Once Miss B has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

* HM Revenue and Customs requires Barclays to deduct tax from any award of interest. It must give Miss B a certificate showing how much tax has been taken off if she asks for one.

My final decision

My final decision is that I uphold this complaint.

I instruct Barclays Bank UK PLC trading as Barclaycard to rework the account removing all interest fees and charges that have been applied.

If the rework results in a credit balance, this should be refunded to Miss B along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Barclays should also remove all adverse information regarding this account from Miss B's credit file.

Or, if after the rework there is still an outstanding balance, Barclays should arrange an affordable payment plan with Miss B for the remaining amount taking back the debt if sold to a third party.

Once Miss B has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

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

Barry White
Ombudsman