DRN-5566670

Financial Ombudsman Service

The complaint

Miss H complains Barclays Bank UK PLC trading as Tesco Bank ("Tesco") irresponsibly lent to her.

What happened

In October 2020 Miss H applied for a card with Tesco. The application was approved and she was given a limit of £500. In February 2021 the limit was increased to £800.

In February 2025 Miss H complained to Tesco. She said they failed to conduct proportionate checks at the time of lending, and the lending was unaffordable.

Tesco issued their final response letter in March 2025 rejecting the complaint. They said after completing their checks, they found she had sufficient disposable income to afford the card and were satisfied that the lending decisions were fair and responsible.

Miss H wasn't happy with the response, so she referred her complaint to our Service. An Investigator looked into things.

They said the checks carried out for both the account opening and increase were proportionate, and fair decisions to lend were made based on the information Tesco had obtained.

Miss H responded questioning whether or not Tesco had taken into account some information that may be deemed as adverse. Because an agreement couldn't be reached, the complaint has been passed to me 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.

Having done so, I'm in agreement with the Investigator. I know this is likely to disappoint Miss H, so I'll explain my reasoning below.

The rules and regulations in place at the time Tesco provided Miss H with the credit card and the increase required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Tesco had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss H. In other words, it wasn't enough for Tesco to consider the likelihood of them getting the funds back or whether Miss H's circumstances met their lending criteria – they had to consider if Miss H could sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Tesco did what was needed before lending to Miss H.

Account opening

When Miss H applied for the card, Tesco gathered information regarding her financial circumstances. It recorded that she was earning a salary of around £2,000 per month and had outstanding debt of around £1,839. Miss H had defaults at the time of application, but the most recent was recorded 51 months prior. This was collated using the information Miss H declared at application, and an external credit check.

I believe the checks Tesco carried out were proportionate, and considering the amount being provided to Miss H, and the information they gathered in these checks, I don't think they acted unfairly when providing her with the credit card. I say this because it was for a modest amount of £500, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Miss H to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

Credit limit increase

As well as the factors above, I also now have how Miss H managed the card with Tesco to take into consideration.

The card was being well managed – she made payments on time and wasn't utilising the full amount of available credit.

Her external debt had increased to around £4,800 but it was well managed and there was no new adverse information.

So, again, based on what Tesco saw at the time, I don't think they acted unfairly when increasing the limit to £800. I accept Miss H's financial position may have been worse than what was being reflected on the credit report at the time, but I can't hold Tesco responsible for that.

In reaching my conclusions, I've also considered whether the lending relationship between Tesco and Miss H might have been unfair to Miss H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Tesco did not lend irresponsibly when providing Miss H with the credit card or by increasing her credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Miss H, I won't be upholding her complaint against Tesco for the reasons explained above.

My final decision

It's my final decision that Barclays Bank UK PLC trading as Tesco Bank didn't treat Miss H unfairly when lending to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 October 2025.

Meg Raymond
Ombudsman