

## **The complaint**

Miss W has complained about a credit card and subsequent credit limit increases Barclays Bank UK PLC (trading as “Barclaycard”) provided her. Miss W says Barclaycard didn’t carry out sufficient checks when it granted the card – had it done so it would’ve seen she was already struggling to keep up with her other creditors.

## **What happened**

Barclaycard provided Miss W with a credit card with an initial limit of £150 in November 2014. Miss W’s credit limit was then increased on three occasions to;

- £550 in May 2015,
- £950 in January 2016 and
- finally to £1,900 in March 2017.

Barclaycard confirmed the account was closed in 2023 with an outstanding balance.

Barclaycard reviewed Miss W’s complaint and said it wouldn’t investigate it further because the decision to approve the credit card and increase the credit limits occurred too long ago and so Miss W had made her complaint too late. Miss W then referred her complaint to the Financial Ombudsman Service.

The complaint was then considered by an investigator who concluded the complaint was one that could be considered. And an ombudsman colleague confirmed this in a recent decision. The merits of the complaint were then considered.

The investigator concluded the checks Barclaycard carried out before granting the credit card were proportionate and demonstrated Miss W could afford her repayments. Barclaycard no longer held the results of the checks that it carried out when the first credit limit increase occurred but our investigator thought that had Barclaycard taken a look at Miss W’s bank statements for that period it would’ve still decided to approve the limit.

For the final two limit increases, the investigator concluded proportionate checks had been carried out which showed the payments to be affordable and she hadn’t thought Miss W had been treated unfairly in some other way.

Miss W didn’t agree with the outcome saying in summary:

- Barclaycard’s checks didn’t go far enough and further checks would’ve shown she was on a repayment arrangement, was a student and working part time.
- In July 2015, there was a significant life event that impacted Miss W’s finances as well as her mental health – which Barclaycard didn’t take account of.
- Barclaycard’s proportionate checks would’ve identified that she was vulnerable.
- Miss W’s credit limit increased significantly which wasn’t fair or sustainable.
- While Miss W was making the monthly repayments that didn’t mean the account was affordable or sustainable for her.

The investigator explained why these comments hadn't changed her mind, and as no agreement could be reached the complaint has been passed to me to consider.

### **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 Miss W'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 Miss W 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 also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties, in particular Miss W, that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it, it's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Barclaycard says it agreed to Miss W's application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss W would be able to make the low monthly repayments due for this credit card. Due to it considering that Miss W's account was being relatively well managed (and what other checks carried out showed) she was then offered the credit limit increases.

On the other hand Miss W says that all of these lending decisions were taken without there being any real checks carried out. I've considered what the parties have said.

#### ***Barclaycard's decision to provide Miss W with a credit card with a limit of £150***

I'd start by pointing out that Miss W was provided with a revolving credit facility rather than a loan. And this means that to start with Barclaycard was required to understand whether a credit limit of £150 could be repaid within a reasonable period of time, rather than all in one go. A credit limit of £150 required low monthly payments in order to clear the full amount owed within a reasonable period of time.

Miss W declared she earned £14,000 per year but Barclaycard didn't just rely on what it was told. Instead, it converted this into a monthly income of £1,039 and it says this amount was then checked with a credit reference agency to test whether what Miss W declared was likely to be accurate. This check was entirely proportionate.

Barclaycard was told Miss W was in rented accommodation and taking account of factors such as where she lived and her family structure it went about estimating her likely monthly outgoings. The result of these checks showed Miss W would be in a position to service and then repay the credit card within a reasonable period of time.

Barclaycard also undertook a credit search before it lent to and it has accepted that as part of the results that it received, Barclaycard knew of a defaulted mobile phone account in 2013. But the rest of her active credit appeared to be well maintained and she had low outstanding borrowing of £370 at the time. Although the default wasn't so long ago, I think the small credit limit offered outweighs any concerns it may have had.

Given the information Barclaycard obtained and the low credit limit offered, I'm satisfied that Barclaycard was entitled to rely on Miss W's income and what it saw in the credit checks which led it to determine that an initial credit limit of £150 was affordable for Miss W.

#### *What did Barclaycard do when the credit limit was increased to £550 in May 2015*

As I've explained in the background section of this decision, Barclaycard increased Miss W's credit limit fairly early on into the relationship taking her Miss W's credit limit to £550. Although the increase may have been large relatively to the starting credit limit still nonetheless I still think a £500 credit limit is modest.

Barclaycard has outlined some of the checks that it would've done at the time including the information it held about Miss W as well as the information it says it would've obtained from the credit reference agencies. It would've looked at her account conduct as well as using its own internal credit scoring model. However, It has explained that due to the passage of the time, it can't provide details of the credit checks or any other information. I haven't read too much into this given that this limit was approved more than 10 years ago.

But I can see how Miss W had managed her account up to the time of the credit limit increase, and it looks as though Miss W was making larger payments than the required minimum which were in excess of what was required to service the original £150 credit limit. The account conduct wouldn't have been of any concern and so would not have indicated to Barclaycard that further checks were needed.

So, I wouldn't have expected Barclaycard to have done more for the increases than it did when determining whether to initially provide the credit card.

But, the investigator did review Miss W's bank statements in order to find out what Barclaycard may have seen at the time. Given the checks Barclaycard did do, I'm not persuaded more was needed and it wouldn't in my view have been prompted or needed to review bank statements when increasing a credit limit to £550. And having looked at the statements I don't think Barclaycard would've discovered even through its own checks or a review of the statements to have indicated that Miss W couldn't afford the limit increase to £550.

As this is the case, I don't consider Barclaycard's actions to have been unfair or irresponsible when it increased Miss W's credit limit.

#### *The credit limit increases to £950 in January 2016 and to £1,900 in March 2017.*

For both of these limit increases, Barclaycard carried out similar sorts of checks and the results of these checks indicated the new credit limits would be affordable for Miss W.

Barclaycard considered how Miss W had used her account to the point each limit increase had been granted, carried out a credit search, internal credit scoring and details of her income and expenditure.

For the second credit limit increase – taking the limit to £950 I can see that a check was carried out on Miss W's income with the credit reference agency – and I still think that was proportionate.

Miss W's credit search results didn't show or suggest she was struggling to meet her existing commitments – with only credit card debt of £330 with no further missed payments or defaults.

I've also considered the way Miss W had used and paid her Barclaycard account and as before there wasn't anything within the statements or the way Miss W had repaid the account to have given Barclaycard cause for concern because Miss W was typically repaying significantly more than the minimum payment. I am therefore, not upholding Miss W's complaint about the second credit limit increase.

Turning to the results of Barclaycard checks for the third and final credit limit increase, Barclaycard carried out further checks – which I do think on balance were needed given the credit limit was now approaching £2,000.

Barclaycard used a credit reference agency to obtain data about Miss W's affordability and it gathered information about her existing credit card limits, other credit commitments she had such as loans or hire purchase agreements. It also says it then went about modelling other costs Miss W may have had such as housing, council tax and utilities. The results of these checks indicated Miss W could afford her repayments. In my view this check was proportionate.

This time, Barclaycard was told by the credit reference agency that Miss W had an outstanding loan balance of £1,500 which was costing her around £42 per month. There wasn't anything in this information to suggest that Miss W was overindebted or was struggling to manage her existing commitments.

The way Miss W had used her Barclaycard up to this point also wouldn't have been concerning. I accept there had been a missed payment and a late fee applied in June 2016, but this appears to have been an isolated incident. And in the months leading up to the credit limit increase, Miss W had been paying more than the minimum payment – sometimes double it and so there wouldn't have been any concerns.

I would also add that the payments needed to maintain a credit limit of £1,900 while greater than that of one at £150 or £550 would've still been relatively modest and there wasn't anything in the information that Barclaycard received which suggested Miss W couldn't or wouldn't be able to afford the credit limit increase.

It's possible that Miss W's position might have been worse than what it looks like from the checks that were carried out. But from the information Barclaycard gathered at the time – which I think was proportionate it wouldn't have known that at the time by carrying out a proportionate check.

So overall while I can understand Miss W has said, I don't think that Barclaycard treated Miss W unfairly or unreasonably when providing her with the credit card in 2014 or subsequently increasing the credit limits.

I appreciate this will be very disappointing for Miss W. But I hope she'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **Other considerations**

I'm very sorry to hear about Miss W's mental health problems and the impact of the life changing event in 2015 had on her and her family. I do hope things have improved for her and she's receiving the help and support that she needs. And I think it's clear from what she's told us that she was vulnerable at the time.

I've thought about this carefully, and having reviewed the notes provided by Barclaycard it wasn't aware of any of Miss W's financial difficulties or her health problems until August 2022 – which meant before that date it wasn't in a position to offer any other help and support.

And for the reasons outlined above, I've concluded Barclaycard carried out proportionate checks during the lending relationship it didn't and couldn't have known about what Miss W was going through from the checks that it carried out.

In August 2022, I can see that it did respond and ask for an income and expenditure assessment in order to see how much she could afford to pay each month. I can also see that a number of holds were applied to the account – which was in response to the information provided. So, I consider that Barclaycard treated her fairly.

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 Miss W 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 I've explained, I'm not upholding Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 7 July 2025.

Robert Walker  
**Ombudsman**