

The complaint

Mrs W complains Barclays Bank UK PLC trading as Barclaycard (Barclaycard) irresponsibly provided her with a credit card because it didn't carry out reasonable and proportionate checks to ensure the lending was affordable for her.

What happened

Mrs W opened a credit account with Barclaycard in March 2022. The opening limit was £9,600. There were no increases on the account.

Mrs W complained to Barclaycard about the lending decision. She was in financial difficulties and was struggling with her commitments. Barclaycard responded to the complaint on 17 December 2024. It didn't uphold the complaint because it felt the lending decision was reasonable based on information it obtained from the checks it completed. It said the information didn't indicate Mrs W was struggling financially at the time it agreed to lend.

Mrs W remained unhappy and asked our service to investigate. Our Investigator initially felt the complaint should be upheld. Following responses from the parties, it was noted she hadn't accounted for the income buffer which Barclaycard had included in its affordability assessment. Therefore, she looked into things in light of this and went on to explain that she didn't think proportionate checks had been carried out. However, she felt had they been, it's likely they would have shown the lending was affordable for Mrs W. So, she didn't think the complaint should be upheld.

Mrs W didn't agree with our Investigator's findings. She said our Investigator initially said the complaint should be upheld. She said the changing and incorrect information had been very distressing and damaging to her mental health. She also said:

- She never had £600 disposable income, and she was always overdrawn, maxed out her credit cards and had numerous loans. She said she was also paying creditors for household furniture and had debts to repay. She set out some of her other key expenditure including mortgage payments, school fees, car insurance and so on.
- She was pulling huge amounts of money from her credit cards. Also, she had multiple loans and payday loans. She doesn't believe Barclaycard's checks were appropriate and doesn't agree it should have lent to her. She has paid over £7,000 in interest and firmly believes this should be refunded.

Since the view, I explained to the parties why I felt the complaint should be partially upheld on the basis that the credit limit doesn't seem to have been decreased as Barclaycard told Mrs W it would be in May 2024. Mrs W set out why she felt the lending had been irresponsible. As she didn't accept, I have proceeded to a decision on the matter.

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.

I appreciate Mrs W is concerned about the information provided by our Investigator. I have reviewed all of the information I've received regarding her complaint, and I've set out my reasons for the decision I have reached.

Our approach to complaints about irresponsible and unaffordable lending is set out on our website. In summary, there are some key questions I need to consider in order to decide what's fair and reasonable. This includes:

1. Did Barclaycard complete reasonable and proportionate checks to satisfy itself that Mrs W would be able to repay the credit card in a sustainable way?
 - If so, did it make a fair lending decision?
 - If not, what would reasonable and proportionate checks have shown?
2. Did Barclaycard act unfairly or unreasonably towards Mrs W in some other way?

Barclaycard had to carry out reasonable and proportionate checks to satisfy itself that Mrs W would be able to repay the credit sustainably. It's not about Barclaycard assessing the likelihood of being repaid, but it had to consider the impacts of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower. What's important to note here is that this was a type of running account credit, which meant it did not have a fixed payment or duration. So, Barclaycard had to ensure Mrs W would be able to afford sustainable repayments in order to repay the total credit available within a reasonable period. It is with this in mind I have thought about the lending decision.

Did Barclaycard complete reasonable and proportionate checks to satisfy itself that Mrs W would be able to repay the credit card in a sustainable way?

Mrs W declared her net monthly income as £4,599 and Barclaycard have explained it validated this income. For the purposes of its own affordability assessment, it used a buffered income of £4,369.05.

Barclaycard have said it carried out various checks including a credit check. The credit check showed Mrs W had a non-revolving credit balance of around £24,014 with total monthly repayments of £581. It also showed she had a revolving credit balance of £8,857 and a mortgage. There were no missed payments, and it seemed Mrs W was managing the repayments she had. I note Mrs W had taken out an unsecured loan for around £7,000 in January 2022 (just a couple of months before the lending). There were no missed/late payments or other adverse information such as defaults. So, it seemed she was managing her credit.

Additionally, Barclaycard said it made a reasonable estimate for expenditure in conjunction with information from a credit reference agency (CRA). It included estimated costs for council tax, essential spend, dependent costs and utilities, as well as a contribution towards the mortgage. It also included a calculation for her credit card and loan repayments. Overall, it estimated Mrs W would be left with monthly disposable income of £399.23. This was after accounting for the repayments towards the credit it was providing. Therefore, it felt the lending was affordable.

Having carefully considered the circumstances of this complaint, I'm not satisfied the checks carried out were reasonable and proportionate. Mrs W already had some existing credit and had recently taken out a loan. Whilst I've considered what Mrs W declared about her income and the credit check showed her mortgage payments, I think Barclaycard ought to have asked Mrs W about her other essential spend. This is so it could have ensured the lending was affordable and sustainable for her given the size of the credit limit being offered and in the circumstances of this complaint.

Would reasonable and proportionate checks have shown Mrs W was in a position to sustainably repay the credit?

Whilst I don't think the checks carried out by Barclaycard were reasonable and proportionate, it doesn't automatically mean the complaint should be upheld. I must now consider what I think such checks were likely to have shown had they been carried out at the time of the lending. To do this, I've considered Mrs W's bank statements which cover the three-month period leading up to the lending decision. To be clear, I'm not saying Barclaycard needed to go as far as to obtain the statements in order to complete reasonable and proportionate checks. But the statements do give a clear indication of what was likely to have been disclosed at the time Mrs W applied for the credit.

I've thought about Mrs W's monthly net income and her committed expenditure. This includes things like her mortgage contributions, school fees, credit commitments and other essential expenditure. Having done so, I'm satisfied Mrs W had sufficient monthly income to meet her existing commitments and to sustainably afford the new credit. This is because I think reasonable and proportionate checks were likely to have shown she had sufficient disposable income to sustainably afford repayments towards the credit card which would enable her to repay the total amount of credit within a reasonable period.

I note Mrs W didn't agree with our Investigator's view because she felt she didn't have the £600 disposable income as stated by our Investigator. I want to assure her I've thought about everything she has told us about her financial circumstances at the time. However, I must think about what Mrs W was likely to have disclosed about her essential expenditure at the time. As explained, I don't think Barclaycard needed to go as far as to obtain statements. This also doesn't include discretionary spending which I can see on the account.

Additionally, Mrs W made what appears to be some very significant repayments towards some of her existing credit cards. From the credit check Barclaycard completed, it would not reasonably have concluded such sizeable payments were required going forward in order to repay the credit balance within a reasonable period. It also speaks to the affordability of the new credit. Taking everything into account, I'm satisfied reasonable and proportionate checks were likely to have shown Mrs W had sufficient disposable income to affordably repay the credit being provided here.

Thinking about the credit search completed by Barclaycard, there isn't anything which suggests to me there were other clear indicators that this lending would be unsustainable, particularly where it seems likely appropriate checks would have shown Mrs W could afford a reasonable repayment amount. I appreciate Mrs W did have some existing credit, but I think Barclaycard could reasonably have concluded she was managing her commitments and there isn't anything else which shows me it ought to have known it shouldn't provide further credit.

Taking everything into consideration, I'm not satisfied Barclaycard completed reasonable and proportionate checks. But had such checks been carried out, it's likely they would have shown the lending was affordable and sustainable for Mrs W. I do understand Mrs W may feel that this doesn't reflect her actual financial circumstances at the time and I know she will

be disappointed by what I've set out here. However, I must think about what Barclaycard were likely to have discovered from reasonable and proportionate checks. Weighing up all the information I have, I don't think Barclaycard have irresponsibly lent to Mrs W by opening the account with an initial limit of £9,600 as it was likely to have seemed she could afford the credit.

Did Barclaycard treat Mrs W unfairly or unreasonably in some other way?

Barclaycard wrote to Mrs W on 29 May 2024. It said it *had* to lower how much Mrs W could borrow and explained it would reduce the credit limit from £9,600 to £8,800 on 31 May 2024. It also provided an explanation of why the credit limit was changing. It said:

"We want to make sure no one's borrowing more than they can comfortably afford, so we keep an eye on your account and check your credit limit. We look at things like whether you've missed any payments or been late, and we check in with Credit Reference Agencies."

Additionally, in an explanation to our service, Barclaycard said there might be one of a number of reasons why it decides to reduce a consumer's credit limit. This includes things like missed payments, exceeding the credit limit and the way other borrowing is managed. This tells me that at the time Barclaycard wrote to Mrs W to decrease her limit, it had already identified the credit limit it had provided was unlikely to be right for Mrs W.

However, it then didn't go on to reduce her limit. I've asked Barclaycard for some more information about why the decrease didn't happen as I understand there may be a plausible reason for this. For example, sometimes a consumer might use the available credit limit before it is decreased which may prevent the decrease from going ahead. Barclaycard have confirmed this didn't happen here. It has explained there would have been a reason why the credit limit wasn't reduced, but it said the information is no longer available because more than six months have passed.

Mrs W has told us she is struggling with repaying her credit and I think it's likely Barclaycard identified indicators that she may not be managing the credit limit she had. It has been unable to explain why this credit limit decrease didn't go ahead. As Mrs W doesn't appear to have used the card in a way which prevented the credit limit decrease from going ahead, I'm satisfied it seems on balance it ought to have been reduced, and something has gone wrong here. I'll explain how Barclaycard should put things right below.

I have also thought about what Mrs W has said about missed payments and being over the limit. Mrs W has provided evidence, and I can see this shows Barclaycard does seem on balance to have reached out to her at the relevant times with information on how she can seek further support. I've also reviewed her account history, including balances and payments. For example, I can see Mrs W was over her limit at times, but she also made some large repayments. As mentioned, Barclaycard does seem to have contacted her. Having reviewed matters, I can't say anything else seems to have gone wrong or Barclaycard ought to have done something differently here. Additionally, Barclaycard provided Mrs W with details of its support team in its final response to the complaint. Going forward, I'd remind Barclaycard it needs to treat Mrs W with reasonable forbearance and due consideration.

I've also considered whether the relationship is or might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mrs W in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As there is no clear reason why the credit limit decrease didn't proceed, I don't think it's fair or reasonable for Barclaycard to charge interest or charges on amounts above the proposed credit limit decrease from the date it intended to apply it. However, Mrs W still ought to repay the amount she has spent on the account as she has had the benefit of this credit.

Therefore, to put things right Barclays Bank UK PLC trading as Barclaycard should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £8,800 from 31 May 2024;
- If the rework results in a credit balance, this should be refunded to Mrs W along with 8% simple interest per year* from the date of each over payment to the date of settlement. Remove all adverse information recorded after 31 May 2024 regarding the account;
- Or, if after the rework the outstanding balance still exceeds £8,800 it should arrange an affordable repayment plan with Mrs W for the remaining amount. Once Mrs W has cleared the outstanding balance, any adverse information recorded after 31 May 2024 in relation to this account should be removed from Mrs W's credit file.

*If Barclaycard considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs W how much it's taken off. It should also give Mrs W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs.

My final decision

For the reasons outlined above, I'm partially upholding this complaint and Barclays Bank UK PLC trading as Barclaycard should put things right in the way outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 21 November 2025.

Laura Dean
Ombudsman