

Complaint

Mrs J has complained that Barclays Bank UK PLC (trading as “Barclaycard”) irresponsibly provided a credit card as well and subsequent credit limit increases to her. She says that this was irresponsible and placed her in eternal debt.

Background

Barclaycard initially provided Mrs J with a credit card, which had a credit limit of £2,200.00, in April 2007. Given the account was opened more than eighteen ago there is understandably a very limited amount of information from the time. From the records provided by both parties, broadly speaking, I understand that the following limit increases took place at the following times:

Date	Limit increase to:
May 2008	£3,400.00
June 2008	£4,400.00
January 2012	£8,400.00
August 2012	£10,800.00
April 2013	£12,000.00
July 2014	£13,600.00
March 2015	£14,600.00
January 2016	£17,800.00

From July 2020, Barclaycard began decreasing the credit limit on Mrs J’s credit card. The following limit decreases took place on the following dates:

Date	Limit decrease to:
July 2020	£14,000.00
August 2021	£12,750.00

In October 2024, Mrs J complained saying that the credit card and the limit increases Barclaycard provided were unaffordable, placed her in eternal debt and which led to a continued worsening of her circumstances.

Barclaycard did not uphold Mrs J’s complaint. As far as it was concerned, Mrs J had complained too late. Mrs J remained dissatisfied at Barclaycard’s response and referred her complaint to our service. When responding to our request for its file on Mrs J’s complaint, Barclaycard reiterated its belief that Mrs J had complained too late.

One of our investigators reviewed what Mrs J and Barclaycard had told us. She thought that she hadn’t seen enough to be persuaded that Barclaycard failed to act fairly and reasonably to Mrs J, either when initially providing Mrs J with her credit card or when offering the credit limit increases. This resulted in the investigator deciding against recommending that Mrs J’s complaint be upheld.

Mrs J disagreed with the investigator's conclusions and asked for an ombudsman to look at her complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Barclaycard has argued that Mrs J's complaint was made too late because she complained more than six years after the decisions to provide the credit card and all of the credit limit increases as well as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between Mrs J and Barclaycard being unfair to Mrs J as described in s140A of the Consumer Credit Act 1974 ("CCA"). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Mrs J's complaint. Given the reasons for this, I'm satisfied that whether Mrs J's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mrs J's complaint should be considered more broadly than just those lending decisions. I consider this to be the case as Mrs J has not only complained about the respective decisions to lend but has also alleged that Barclaycard placed her in eternal debt which led to a continued worsening of her circumstances.

I'm therefore satisfied that Mrs J's complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Barclaycard. I acknowledge Barclaycard still does not agree we can look at Mrs J's complaint, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mrs J's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mrs J's complaint can be reasonably interpreted as being about the fairness of her relationship with Barclaycard, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Barclaycard) and the debtor (Mrs J), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment

has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mrs J's complaint, I therefore need to think about whether Barclaycard's decision to lend to Mrs J and increase her credit limits, or its later actions resulted in the lending relationship between Mrs J and Barclaycard being unfair to Mrs J, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mrs J's relationship with Barclaycard is therefore likely to be unfair if it didn't carry out reasonable enquiries into Mrs J's ability to repay in circumstances where doing so would have revealed the credit card or limit increases to be irresponsible or unaffordable. And if this was the case, Barclaycard didn't then remove the unfairness this created somehow.

I've therefore considered whether Barclaycard acted fairly and reasonably when agreeing to provide Mrs J with her credit card and agreeing to increase her credit limit.

Were the decisions to provide the credit card and subsequent credit limit increases unfair?

We do have an explanation about how we handle complaints about unaffordable and irresponsible lending on our website and I've referred to it where it is relevant for me to do so. However, the vast majority of our website guidance covers regulated lending. In this instance, some of the lending decisions that Barclaycard made predate the regulation of lending and were made prior to the obligations, which our current guidance is based on, were introduced.

Furthermore and, in any event, bearing in mind Mrs J's response to our investigator, I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

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 that information – 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, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion. Indeed, the requirements have not and still do not mandate a list of checks that a lender should use. Any rules, guidance and good industry practice in place over the years has simply set out the types of things that a lender could do when considering whether to lend to a prospective borrower.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was fair to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments that a prospective borrower might have to make were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Did Barclaycard act fairly and reasonably towards Mrs J when lending to her?

When Mrs J applied for a credit card in April 2007, this predated the current regulator's (the Financial Conduct Authority ("FCA")) rules and guidance which came in in April 2014. Furthermore, while it's fair to say that a lender was required to be regulated by the Office of Fair Trading ("OFT") when Mrs J applied for her credit card in April 2007, the OFT didn't introduce its main guidance on irresponsible and unaffordable lending until March 2010.

Therefore, Barclaycard's decisions to offer Mrs J a credit card and then subsequently increase her limit to £3,400.00 and £4,400.00 took place prior to the introduction of the main regulations and standards in relation to irresponsible and unaffordable lending. That's not to say that there weren't any expectations or standards in relation to lending at the time Mrs J applied for a credit card and the first nine limit increases were offered.

Indeed, Barclaycard was a subscriber to then British Bankers' Association's Banking Code, which was in place at the time. But it would be fair to say that its obligations and responsibilities were not the same as they are now. For example, the concepts of borrower focused assessments and proportionate checks were not part of the expectations or requirements at the time.

What Barclaycard agreed to do – as a result of it being a subscriber to the banking code – at the time of Mrs J's application for a credit card and its decision to offer the first two limit increases, was assess whether it felt that she would be able to repay any lending. I therefore need to consider this part of Mrs J's complaint in relation to these expectations that were in place on a lender at this time.

Barclaycard's decisions to provide Mrs J with a credit card and the first two limit increases in the period between April 2007 and June 2008.

Barclaycard checks before it agreed to lend to Mrs J

In this instance, I'm led to understand that Barclaycard initially agreed to Mrs J's application after it obtained information on her income and carried out a credit search. And in April 2007 the information Barclaycard obtained led it to conclude that Mrs J would be able to make the monthly repayments due on a credit card with a limit of £2,200.00. In May 2008 and June 2008, Barclaycard decided to offer Mrs J limit increases to £3,400.00 and £4,400.00 respectively.

On the other hand, Mrs J says that the credit card and the subsequent limit increases were unaffordable and placed her in eternal debt.

I've considered what the parties have said.

What's important to note is that Mrs J was provided with a revolving credit facility rather than a loan. This means that to start with Barclaycard was required to understand whether Mrs J could repay £2,200.00, £3,400.00 and £4,400.00 within a reasonable period of time.

Barclaycard has been able to provide evidence of the credit check that it carried out prior to Mrs J's application. This showed that Mrs J had a low amount of existing credit outstanding at the time. Furthermore, she didn't have any defaulted accounts, county court judgments

("CCJ") or other adverse information suggesting that she had difficulty with credit either. The output from the time of the application also shows that Mrs J declared that she was working with an annual income of £21,000.00 at this time too.

However, for the limit increases, Barclaycard hasn't been able to provide any details on what it found out about Mrs J prior to agreeing to them. Given these decisions took place more than seventeen years ago, I don't think that this lack of information is surprising or unreasonable.

Therefore, I've not drawn any adverse conclusions as a result of Barclaycard not being able to provide this credit check information. In any event, I'm also mindful that I've not been provided with any information and neither has it even been argued, that Mrs J had any significant adverse information recorded against her at the time of these first two limit increases either.

While Mrs J has referred to not having her own income and that she was fully dependent on her husband's income, Mrs J has said that she became a housewife in around 2009. Bearing in mind what was said at the time of the application, this would suggest that Mrs J was still working at the time that the first two limit increases were offered.

In these circumstances, I cannot reasonably conclude that Barclaycard acted unfairly in initially agreeing to provide Mrs J with her credit card, or the first two limit increases. Barclaycard clearly felt that Mrs J could repay £2,200.00, £3,400.00 and £4,400.00 within a reasonable period of time.

I've not seen anything which clearly shows me that this wasn't the case. Indeed, the available evidence appears to indicate that it is more likely than not that Mrs J was working and was in receipt of income sufficient to be able to repay limits of this much within a reasonable period of time. There wasn't anything to indicate that Mrs J was experiencing difficulty either.

As this is the case, I've not been persuaded that Barclaycard's decision to provide Mrs J with her credit card, or increase her credit limit on the first two occasions was unfair or that it resulted in unfairness going forward.

Did Barclaycard carry out reasonable and proportionate checks before deciding to offer the six limit increases from January 2012 onwards to Mrs J?

As I've explained in the background section of this decision, Barclaycard increased Mrs J's credit limit on a further six occasions, from January 2012 onwards, until it eventually reached £17,800.00 in January 2016.

The first three of these increases were provided after the OFT had published its Irresponsible Lending Guidance ("ILG") in March 2010. By this stage, the ILG set out that a lender was required to carry out proportionate checks into a customer's circumstances in order to reach a reasonable determination on whether they could repay any credit provided.

Furthermore, while the final three increases were provided to Mrs J after the regulation of consumer credit (and the carrying out of credit regulated activities) had passed to the Financial Conduct Authority ("FCA"), it's fair to say that other than the change of regulator, there was little that altered in terms what was expected of a lender prior to lending. And a lender was still required to carry out proportionate checks into a customer's circumstances in order to reach a reasonable determination on whether they could repay any credit provided.

Barclaycard hasn't been able to provide details of any credit checks that it carried out before offering to increase Mrs J's credit limit on five of the six occasions. It has only been able to provide information on Mrs J's other credit commitments from October 2015 onwards, which is after all but one of the lending decisions I'm looking at took place.

Given the length of time that has passed since any checks would have been carried out and it wasn't mandatory to carry them out in the first place, I've not drawn any adverse inferences from Barclaycard be able to provide the results of any credit checks.

Furthermore, I've not seen anything to suggest that Mrs J had any defaulted accounts or CCJs recorded against her at the time of these limit increases. Indeed, the information provided from October 2015 shows that Mrs J didn't have any such information recorded against her at this stage. So I think it is unlikely that any such information existed prior to this.

In any event, even though Mrs J may not have had defaulted accounts or CCJs at the respective times, as Mrs J was being provided with limits of between £8,4000.00 and £17,800.00, I would have expected Barclaycard to have found out more about Mrs J's income and expenditure before providing these credit limit increases.

As Barclaycard hasn't provided me with any such indication that it did do this, let alone what any such results showed, I'm not in a position to say that the checks it carried out before it increased Mrs J's credit limit on any of the final six occasions that it did were reasonable and proportionate.

As this is the case, I'm satisfied that Barclaycard failed to carry out reasonable and proportionate checks before increasing Mrs J's credit limit in the period between January 2012 to January 2016.

Would further checks have made a difference to Barclaycard's decisions to offer the six limit increases from January 2012 onwards

Ordinarily, where a firm failed to carry out reasonable and proportionate checks before providing credit or significantly increasing the amount available to a customer, I'd usually go on to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown.

However, Mrs J says she is unable to provide us with the information we've asked her for in order to be able to assess what Barclaycard finding out more about her circumstances at the respective times is likely to have shown. So I've not been provided with sufficient evidence to be able to ascertain Mrs J's income, or her committed expenditure, which is what I think that Barclaycard needed to find out about when offering these limit increases.

I appreciate that Mrs J has said it is unreasonable and unfair to expect her to provide information which she doesn't have and cannot reasonably be expected to have. But I also have to take into account that Barclaycard isn't required to have retained all of this information either. Ultimately, it was Mrs J that chose to make her complaint in October 2024. As this is the case, I have to decide the complaint on what I have before me.

It is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any additional credit provided was unaffordable. It's very difficult for me to uphold a complaint on the basis of uncorroborated arguments regarding an individual's circumstances, where, for reasons I'll come on to explain further on, the activity on the account suggests the customer was able to afford the credit.

I'm afraid that I've not been provided with sufficient evidence which corroborates what Mrs J has said about not being able to make the increased monthly payments required should she owe the full amount of the new credit limits. I can't clearly see that Mrs J wasn't working and had no access to any funds at all, in the way she has asserted either. I've therefore not been provided with sufficient evidence to reasonably conclude that these limit increases were as a matter of fact unaffordable for Mrs J.

Furthermore, Barclaycard has provided details of the monthly payments that Mrs J was able to make, on this credit card, from around April 2012 onwards. Having considered this payment history, particularly as Barclaycard was entitled to consider its previous lending history with Mrs J, the earliest statements show that Mrs J wasn't being charged interest on her credit card at this stage as she had made an interest free balance transfer. And at this stage at least the total amount of her monthly payment was going towards the amount she owed. I can also see that Mrs J hadn't maxed out the credit limit either.

For example, the earliest statement I've seen, from February 2013, shows that Mrs J had a balance of just over £7,000.00 against a limit of £10,800.00. By May 2014, Mrs J's outstanding balance had reduced to around £5,500.00 against a credit limit that had been increased to £12,000.00 at this stage.

I've also seen that there were many occasions where Mrs J made payments well in excess of £1,000.00. In May 2014, she paid almost £3,700.00 and the following month she made a payment of almost £1,200.00. Furthermore, in August 2016 Mrs J made a payment in excess of £13,000.00, which completely cleared the balance on the account.

I do appreciate that Mrs J has argued that it was, in itself, irresponsible to provide her with eight credit limit increases and that this is in itself a reason to uphold her complaint. However, these credit limit increases were offered over a period of just under nine years. So this isn't a case where I can reasonably say that the limit increases and Mrs J's account usage ought reasonably to have shown Barclaycard that Mrs J's indebtedness, on her credit card, was rapidly increasing in an uncontrollable way, or that the pattern of lending here ought reasonably to have led Barclaycard to conclude that the facility had become demonstrably unsustainable for Mrs J either.

Having carefully considered everything and while I appreciate that this will disappoint Mrs J, I've not been persuaded that proportionate checks would have shown that Barclaycard that it shouldn't have offered the credit limit increases on this credit card. Furthermore, I don't think that Mrs J's pattern of borrowing meant that Barclaycard offered the credit limit increases in circumstances where it ought reasonably to have realised that they may have been unsustainable or otherwise harmful for her either.

As this is the case, I've not been persuaded that Barclaycard's decisions to offer Mrs J her credit limit increases were unfair, or that it resulted in unfairness going forward either.

Overall, and based on the available evidence I don't find that the relationship between Mrs J and Barclaycard was unfair to Mrs J. I've not been persuaded that Barclaycard created unfairness in its relationship with Mrs J by irresponsibly lending to her whether when initially agreeing to provide her with a credit card, or the credit limit increases. Based on what I've seen, I don't find Barclaycard treated Mrs J unfairly in any other way either.

Therefore, while I can understand Mrs J's sentiments and appreciate why she is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mrs J. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Mrs J's complaint, I would remind Barclaycard of its continuing obligation to exercise forbearance and due consideration, given what Mrs J has said about having health concerns and that this is impacting upon her ability to make her payments.

I would also encourage Mrs J to get in contact with and co-operate with any steps that may be needed to review what she might, if anything, be able to repay going forward. Mrs J may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with Barclaycard's actions in relation to exercising forbearance on her outstanding balance.

My final decision

For the reasons I've explained, I'm not upholding Mrs J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 6 October 2025.

Jeshen Narayanan
Ombudsman