

The complaint

Mrs H has complained that Barclays Bank UK PLC, trading as Tesco Bank, were irresponsible when issuing her with a credit card, by failing to carry out appropriate affordability checks.

What happened

In August 2023, Tesco Bank opened a credit card for Mrs H, with a limit of £3,800

Mrs H had other credit commitments at the time and subsequently fell into financial difficulty. Mrs H believes that Tesco bank should never have provided the credit.

Tesco Bank issued a Final Response Letter, rejecting Mrs H's complaint and explained their reasoning.

Our investigator considered whether Tesco Bank had completed reasonable and proportionate checks to satisfy itself that Mrs H would be able to repay the credit and whether Tesco Bank had made a fair lending decision.

They concluded that this was the case and explained their reasoning. Mrs H didn't agree and asked for an ombudsman 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 not upholding this complaint. I know this will disappoint Mrs H, so I'll explain why.

The rules and regulations in place at the time Tesco Bank provided Mrs H with the credit card 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 Bank had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mrs H. In other words, it wasn't enough for Tesco Bank to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mrs H.

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 Bank did what they needed to before lending to Mrs H.

Tesco Bank used information declared by Mrs H in her application, they did a credit reference agency (CRA) check and used data from the Office of National Statistics (ONS) to help them see whether the loan was affordable for Mrs H.

In her application, Mrs H declared an annual salary of £27,000 and monthly mortgage commitments of £468. The information Tesco Bank obtained showed Mrs H had external debt of around £1,000, not including the mortgage. Mrs H didn't have any recent adverse information recorded on her credit file, although did have a County Court Judgement (CCJ) recorded two and a half years before this application.

Using all the information they had, Tesco Bank calculated that, including the monthly repayments for this credit card and all other costs noted, Mrs H would be left with a disposable income of £527 per month, which they considered affordable and sustainable.

Having looked at all the information available, I can see Mrs H declared she was paying £468 per month towards her mortgage. However, it's clear from the credit report Tesco Bank obtained that the monthly mortgage repayment amount was more than this, at £1,253.

Tesco Bank have told us that they relied on the information provided by Mrs H on the application and that they expect a customer to declare factual information. I have considered this particular point and whether Tesco bank should have looked into the mortgage repayments further, but this doesn't change my decision.

Mrs H's mortgage was a joint mortgage so it's not unreasonable to assume that the repayments are shared. Had they questioned this with Mrs H at the time, she would have confirmed this to be the case as she has to this service. Based on this, I have recalculated the assessment using a monthly mortgage payment of £626.50 (50% of £1,253) and this would still leave Mrs H with a disposable income of £358.50 after all repayments were made each month, which I still consider to be affordable and sustainable.

In responding to my questions around whether the mortgage repayments were shared, Mrs H did highlight that in addition, she also contributed more to the secured loan, this has also been taken into consideration in the calculation above.

I understand Mrs H is saying she was in financial difficulty at the time, but this wasn't yet evident on the credit report Tesco Bank obtained. And therefore I can't reasonably say they ought to have been aware that Mrs H was in financial difficulty. I've also thought about what Mrs H has said regarding what happened to her financial predicament after the credit card was given. And again, while I'm not doubting what she's describing here, I need to consider what Tesco Bank would've been aware of at the time of lending, and not after.

Finally, I've thought about whether or not the CCJ, two and a half year's prior, ought to have put Tesco Bank on notice that Mrs H was struggling financially. But due to the length of time and there being no recent adverse indicators on the CRA check, I don't think it does.

So therefore, it follows that I believe the checks Tesco Bank carried out were proportionate to the modest monthly repayment amounts in comparison to Mrs H's income and expenditure, and they made a fair decision.

In reaching my conclusions, I've also considered whether the lending relationship between Mrs H and Tesco Bank might have been unfair to Mrs H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Tesco Bank did not lend irresponsibly when providing Mrs H with the credit card. And I

haven't seen anything to suggest that s140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

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

My final decision

It's my final decision that I don't uphold this complaint against Barclays Bank UK PLC, trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 30 December 2025.

David Barker
Ombudsman