

Complaint

Mr E has complained about a credit card and subsequent credit limit increase Tesco Bank (Europe) plc (“Tesco Bank”) provided to him. He says that the credit card and the subsequent limit increase shouldn’t have been provided as they were unaffordable for him and this caused ongoing financial difficulty as he ended up in a Debt Management Plan (“DMP”).

Background

In July 2018, Barclays Bank UK PLC (then trading as “Tesco Bank”) provided Mr E with a credit card which had a credit limit of £250. Tesco Bank offered Mr E a credit limit increase to £600 in November 2018.

In March 2025, Mr E complained saying that he shouldn’t have been provided with this credit card or the limit increase as they were unaffordable and caused him continued financial difficulty as he ended up in a DMP. Tesco Bank did not uphold Mr E’s complaint. It thought that Mr E had complained too late. Mr E remained dissatisfied and referred his complaint to our service.

When responding to our request for its file on Mr E’s complaint, Tesco Bank reiterated that it believed Mr E had complained too late. One of our investigators reviewed what Mr E and Tesco Bank had told us. And he thought Tesco Bank hadn’t done anything wrong or treated Mr E unfairly in relation to providing this credit card or limit increase. So he didn’t recommend that Mr E’s complaint be upheld.

Mr E disagreed and asked for an ombudsman to look at the 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. Tesco Bank has argued that Mr E’s complaint about the decision to provide the first credit card was made too late because he complained more than six years after it agreed to provide it to him; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr E’s complaint as being one alleging that the relationship between him and Tesco Bank was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). He 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 Mr E’s complaint. Given the reasons for this, I’m satisfied that whether Mr E’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 Mr E's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr E has not only complained not about the respective decisions to lend but has also alleged that this unfairly impacted on him going forward as it resulted in him having to enter into a DMP.

I'm therefore satisfied that Mr E's complaint can therefore reasonably be interpreted as a complaint about the fairness of his relationship with Tesco Bank. I acknowledge that Tesco Bank may not agree that we can look at Mr E's complaint about his first card, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters. This includes commenting on Mr E's comments as to why he believes he complained in time.

In deciding what is fair and reasonable in all the circumstances of Mr E's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr E's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and Tesco Bank, 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 (Tesco Bank) and the debtor (Mr E), 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 Mr E's complaint, I therefore need to think about whether Tesco Bank's decisions to initially lend to Mr E, increase his credit limit on the occasion it did, or its later actions resulted in the lending relationship between Mr E and Tesco Bank being unfair to Mr E, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr E's relationship with Tesco Bank is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr E's ability to make his repayments in circumstances where doing so would have revealed the credit card or the limit increases to be unaffordable, or that it was irresponsible to lend. And if this was the case, Tesco Bank then didn't somehow then remove the unfairness this created.

I've considered Mr E's complaint in this context.

Our typical approach to complaints about irresponsible and unaffordable lending

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 Mr E's complaint.

Tesco Bank needed to make sure it didn't lend irresponsibly. In practice, what this means is Tesco Bank needed to carry out proportionate checks to be able to understand whether Mr E 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.

Application to Mr E's complaint – Did Tesco Bank act fairly and reasonably towards Mr E when initially agreeing to provide him with a credit card?

Tesco Bank says it agreed to Mr E's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr E would be able to make the monthly repayments due for this credit card. On the other hand, Mr E says that he was already struggling to manage and shouldn't have been provided with the credit card.

I've considered what the parties have said.

What's important to note is that Mr E was provided with a revolving credit facility rather than a loan. And this means that Tesco Bank was required to understand whether a credit limit of £250 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £250 required low monthly payments in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen the information Tesco Bank obtained from Mr E at the time of his application and what was on the credit search carried out. Tesco Bank says that Mr E declared he was employed with earnings of around £26,000.00 a year. The credit search showed that Mr E didn't have any recent adverse information recorded against him. He had previously defaulted on credit commitments but the last occasion that had happened was over two years prior to this application.

Furthermore, Tesco Bank's credit search showed that Mr E owed a low amount Mr E amount at that time and his active credit was being relatively well managed. Equally, I can't see that Tesco Bank was aware that Mr E had used a significant amount of payday lending, or other forms of unsustainable lending either, even if this may have been the case.

Having considered all of this, I'm satisfied that the information Tesco Bank had did indicate that Mr E could make the low monthly repayments required to clear a balance of £250 within a reasonable period of time. As this is the case, I'm satisfied that it was not unfair for Tesco Bank to offer Mr E a credit card, with a limit of £250, and therefore there was no unfairness created at this stage.

Did Tesco Bank carry out reasonable and proportionate checks before deciding to offer the credit limit increase to Mr E?

As I've explained in the background section of this decision, Tesco Bank went on to offer Mr E a credit limit increase in November 2018. As a result, it increased Mr E's credit limit to £600 in November 2018.

Tesco Bank's credit check indicates that it wasn't aware of Mr E having any additional defaulted accounts or CCJs recorded against him since his initial application either. Mr E has said referred to his payday lending in the period up to the limit increase. However, I can't see that Tesco Bank was aware of this. Its credit check also showed that Mr E's existing credit balances elsewhere remained low.

I'm also mindful that the regulatory rules permitted Tesco Bank to place weight on its previous dealing with Mr E and therefore his repayment record on the existing credit advanced as part of its checks. I think that this is important because Mr E was making payments that were well in excess of the minimum payment due. Indeed, Mr E was regularly making payments well in excess of what was needed to clear what could be owed on a balance of £600 within a reasonable period of time, in the lead up to this limit increase being granted.

In these circumstances, Mr E's repayment record does suggest that Tesco Bank was reasonably entitled to believe that Mr E could afford the limit increase. Furthermore, I think that Mr E's repayment record coupled with the fact that what Tesco Bank saw suggested that what he owed elsewhere wasn't increasing unsustainably, meant that there was no reason for it to request additional information. In these circumstances, I'm not persuaded that it was unfair or unreasonable for Tesco Bank to have offered the limit increase, to £600 in November 2018.

Furthermore, this isn't a case where I can reasonably say that the limit increase and Mr E's account usage ought reasonably to have shown Tesco Bank that Mr E's indebtedness, on his credit card, was rapidly increasing in an uncontrollable way, or that the pattern of lending here ought reasonably to have led Tesco Bank to conclude that the facility had become demonstrably unsustainable for Mr E either.

For the sake of completeness, I've noted that Mr E has provided bank statements to show that he couldn't afford this credit. However, there isn't a requirement for a lender to obtain bank statements before lending to a borrower. It is up to a lender to decide on the checks that it wishes to carry out.

In this case, Tesco Bank was providing Mr E with access to a maximum of £600 and the credit checks carried out showed Mr E hadn't had any recent difficulty with credit. In these circumstances, I don't think that obtaining bank statements would have been proportionate. And Tesco Bank was entitled to rely on what it had, which for the reasons I've already explained, didn't show any payday lending and indicated that the credit card and limit increase were affordable for Mr E.

So overall and having carefully considered everything and while I appreciate that this will disappoint Mr E, I've not been persuaded that proportionate checks would have shown Tesco Bank that it shouldn't have provided Mr E with his limit increase. As this is the case, I've not been persuaded that Tesco Bank's decision to offer the credit limit increase was unfair, or that it resulted in unfairness going forward either.

Overall, and based on the available evidence I don't find that Mr E's relationship with Tesco Bank was unfair. I've not been persuaded that Tesco Bank created unfairness in its relationship with Mr E by irresponsibly lending to him as a result of initially providing him with a credit card or a limit increase. I don't find Tesco Bank treated Mr E unfairly in any other way either based on what I've seen.

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

My final decision

For the reasons I've explained, I'm not upholding Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 16 February 2026.

Jeshen Narayanan
Ombudsman