

The complaint

Mr Y complains Barclays Bank UK PLC trading as Tesco Bank (“Tesco”) irresponsibly lent to him and provided him credit limit increases when they shouldn’t have.

What happened

Mr Y applied for a credit card with Tesco in March 2022. The application was approved and Mr Y was given an initial limit of £250. In July 2022 the limit was increased to £600 and in October 2022 it was increased again to £900.

In February 2025, Mr Y complained to Tesco. He said the lending was unaffordable and caused him to go into a perpetual cycle of debt. He said at the time of lending he had defaults worth thousands of pounds. Mr Y also said he was struggling with a gambling addiction and mental health issues. Mr Y asked Tesco to refund all interest and charges applied to the account.

Tesco responded to the complaint. They didn’t agree they lent irresponsibly. They said they verified Mr Y’s income and used credit reference agency (CRA) data to review affordability. They said there wasn’t any adverse information at account opening and were satisfied Mr Y had disposable income to repay the credit. They said the same about the limit increases.

Mr Y didn’t agree with the response, so he referred his complaint to our Service. An Investigator here looked into things. They said Tesco completed proportionate checks for both the account opening and the credit limit increases.

In response to the opinion of the Investigator, Mr Y sent in sufficient information. In summary, he doesn’t agree and feels Tesco ought to have reviewed his current account statements due to the defaults present on his credit report, and had they done that they would’ve seen his problem gambling.

Because an agreement couldn’t be reached, the complaint has been passed to me 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.

I’d like to start by acknowledging how clearly important this matter is to Mr Y, and I thank him for responding in such detail. I won’t be responding in the same level of detail, but I’d like to reassure him I’ve taken everything he’s said into account. This isn’t to be discourteous, but rather it reflects the informal nature of our Service.

The rules and regulations in place at the time Tesco provided Mr Y with the credit card and subsequent increases required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he 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 had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr Y. In

other words, it wasn't enough for Tesco to consider the likelihood of them getting the funds back or whether Mr Y's circumstances met their lending criteria – they had to consider if Mr Y could sustainably repay the lending being provided to him.

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 did what was needed before lending to Mr Y.

Account opening

When Mr Y applied for the card, Tesco gathered information regarding his financial circumstances. It recorded that he was earning a salary of around £40,000 per year and had outstanding debt of around £6,500. He had defaults at the time of application, and the most recent was recorded 39 months prior. Mr Y declared £200 housing costs, but Tesco inflated this in line with Office for National Statistics (ONS) data to around £480. This was collated using the information Mr Y declared at application, and an external credit check.

I believe the checks Tesco carried out were proportionate, and considering the amount being provided to Mr Y, and the information they gathered in these checks, I don't think they acted unfairly when providing him with the credit card. I say this because it was for a modest amount of £250, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Mr Y to repay this credit in a reasonable period of time based on his salary and existing credit commitments.

Credit limit increase one

For the increase, Tesco used the same sources of information as they did for account opening, but now they were also able to review how Mr Y had been managing the account since it was provided to him.

Although Mr Y's overall indebtedness had increased slightly, it appeared to have been well managed and there were no new defaults. Mr Y had been managing the Tesco card well in the months leading up to the increase. He'd been clearing the balance in full and in May and June 2022 hadn't accrued any interest. His balance was regularly brought down to zero.

With all of this in mind, I don't think Tesco needed to do anything further to satisfy themselves that Mr Y would be able to afford an increased credit limit, and therefore it follows I think a fair decision to lend was made.

Credit limit increase two

At the time of the second limit increase, Mr Y had significantly reduced his overall external indebtedness. He was still managing the Tesco card well too. He'd cleared all loans he had and brought his overall indebtedness down from around £7,000 to around £380. This alone would be enough to demonstrate to Tesco that Mr Y wasn't facing any affordability issues, and I think their checks were proportionate and a fair decision to lend was made.

I know Mr Y feels strongly that his statements ought to have been reviewed, but I don't agree. When considering lending complaints, there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so Tesco didn't make an error when they didn't automatically ask to see Mr Y's bank statements before approving the application.

Tesco have explained that this product specifically is for customers with a blemished credit history, to help reintroduce them to credit and build their score. So the fact Mr Y had defaults

isn't in itself enough for Tesco to decline the credit. The credit that was active was well managed.

Finally, I understand Mr Y was spending in a harmful way, but this wasn't evident yet on the credit file Tesco obtained at the point of application or increases, so there was nothing to suggest the credit card would be unaffordable for him.

I note Mr Y's points regarding the difficult time he had – and I thank him for sharing. I understand the impact of his gambling addiction, and this credit card has contributed to this. But it would be unreasonable for me to conclude the business was solely responsible, and as a Service, we're not punitive. We consider the obligations a business had at the time, and what is expected of them.

In reaching my conclusions, I've also considered whether the lending relationship between Tesco and Mr Y might have been unfair to Mr Y under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Tesco did not lend irresponsibly when providing Mr Y with the credit card, or by increasing his credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mr Y, I won't be upholding his complaint against Tesco for the reasons explained above.

My final decision

It's my final decision that I do not 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 Mr Y to accept or reject my decision before 31 December 2025.

Meg Raymond
Ombudsman