

## The complaint

Miss P complains that Barclays Bank UK PLC lent to her irresponsibly.

## What happened

The facts of this case are familiar to both sides, so I don't intend to repeat everything in detail here. Instead, I'll provide a summary.

On 17 December 2020, Miss P applied for an overdraft limit of £2,000 which Barclays approved. Her limit was increased to £2,500 on 4 October 2021.

In October 2024, Miss P complained to Barclays about its decision to lend. In doing so, Miss P said:

*I was given a high overdraft by Barclays despite being in debt with various credit cards and utilities companies. I do not believe Barclays took out a full credit search or proper affordability check. I regularly lived within the overdraft and ultimately had to pay it back via a loan from family as it was not affordable for me.*

Barclays investigated Miss P's concerns and, in November 2024, issued a final response in which it did not uphold her complaint. In doing so, it said it had carried out its usual Checks and assessed her account activity before agreeing to her applications. It was satisfied the limits approved were affordable for her.

Miss P was unhappy with Barclays' response, so she referred her complaint to our service.

One of our investigators looked into the complaint and, in May 2025, issued their findings in which they upheld the complaint in part. In short, our investigator said that whilst Barclays made fair lending decision with regards to the initial overdraft, it did not do so when it increased her overdraft in October 2021. As a result, our investigator recommended Barclays re-work Miss P's account so that all interest, fees and charges applied from 4 October 2021 onwards are removed and, if applicable, overpayments be returned to Miss P.

Miss P accepted our investigator's opinion, but Barclays didn't. As an agreement couldn't be reached, the complaint has been passed to me to decide.

On 9 July 2025 I issued a provisional decision in which I did not uphold the complaint. Here is what I had to say:

*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've reached a different conclusion from that of our investigator. This being that I don't think this complaint should be upheld. I know this will be disappointing for Miss P, but I'll explain why I think it is a fair outcome in the circumstances.*

*But, before I do, I would like to make it clear that I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.*

*If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision. Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've based my decision on the balance of probabilities.*

*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 Miss P's complaint.*

*Barclays needed to make sure it didn't lend irresponsibly. In practice, what this means is Barclays needed to carry out proportionate checks to be able to understand whether Miss P 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.*

*So before agreeing to approve or increase the credit available to Miss P, Barclays needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There isn't a prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include – but are not limited to the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. And it's important to note that an overdraft is designed for short term borrowing. I'd also expect Barclays to think about Miss P's ability to repay the whole borrowing in a reasonable period. I've kept this in mind when considering this complaint.*

#### *Initial lending decision – December 2020*

*Our investigator did not uphold Miss P's complaint about the initial lending decision. And, as I set out in the prior section, Miss P accepted our investigators findings and Barclays only disagreed with our investigator insofar as her findings relate to the credit limit increase. So, it seems the initial lending decision is no longer in dispute. With that being the case, I see no reason to say much on this issue.*

*Instead, this decision will focus on whether Barclays made a reasonable decision to provide the credit limit increase in October 2021.*

*However, for completeness, I agree with the overall outcome our investigator reached with regards to the initial lending decision - this being that I don't think Barclays acted unfairly when providing this facility.*

#### *Credit limit increase – October 2021*

*Prior to agreeing to the limit increase - Barclays says it carried out its usual checks which included an automated credit scoring, information about Miss P's income and spending, as well as recent account activity.*

*Miss P was an existing Barclays current account holder, so I've looked at her ledgers in the period – in this case I've focussed on a period of three months - leading up to the credit limit increase. Having done so, I can see Miss P was using her overdraft regularly. It could be argued that Miss P's regular use of her overdraft was, in itself, an indication that she was struggling.*

*However, I note the account was brought into credit, albeit briefly, each month. What's more, in terms of regular income (including salary, Child Benefit and regular contribution to household bills from family) it looks like Miss P had around £3,600 on average entering her account each month, which brought her overdraft down. Bearing in mind what Barclays understood about her committed expenditure it would, reasonably in my view, have caused me to conclude this to be sufficient to afford the borrowing in question and enable her to repay the whole borrowing in a reasonable period of time.*

*And, while I'm not seeking to make retrospective value judgements over her expenditure, there are reasonable amounts of non-contractual and discretionary transactions which could significantly reduce Miss P's overdraft.*

*During the course of her investigation, our investigator asked Miss P about some of the regular credits entering her account. Miss P confirmed they were to help with the household bills, and she was also borrowing from third parties to pay off some debt. That may be the case, but I wouldn't expect Barclays to have carried out the level of forensic analysis that would have covered this level of detail, for such borrowing. I don't think it's unreasonable that Barclays considered all regular income as part of its checks.*

*I accept this doesn't necessarily mean that Mr G didn't experience financial difficulties. But there isn't sufficient evidence on the statements in themselves which ought to have alerted Barclays to any potential financial difficulty. And the amount being credited to the account each month didn't indicate that there was no reasonable prospect of her seeing a credit balance at any stage either.*

*I've also considered the credit report Miss P has kindly provided. Having done so, I've not seen any clear signs of financial hardship – such as defaulted accounts, missed payments, short-term lending or high-cost borrowing - in the period prior to the lending decision in question such that Barclays should have refused to lend. I appreciate that Miss P did have some existing debts, but these appear to be managed well. With that being the case, I do not consider that what was on Miss P's credit file itself meant that Barclays shouldn't have provided her with her overdraft.*

*So, in these circumstances I don't think that it was unreasonable for Barclays to proceed with adding the interest, fees and charges that it. And I don't think Barclays has treated Miss P unfairly or unreasonably.*

*Did Barclays act unfairly or unreasonably in some other way?*

*In April 2022, Miss P switched her current account - via the Current Account Switch Service - to another bank. It is my understanding that Miss P's new bank did not provide her with an overdraft. As a result, they were unable to take on Miss P's outstanding balance and, therefore, her Barclays account entered arrears.*

*Barclays has provided evidence to show that it has attempted to contact Miss P by telephone on 47 occasions between May 2022 and October 2022 to discuss her account. It also wrote to her in June, July, September and October 2022 in which it set out the process to make payment towards the account. It is my understanding these contacts went unanswered.*

*I haven't seen anything to suggest Barclays has acted unfairly here. It seems to me that it has made efforts to get in touch with Miss P to discuss her options which seems reasonable in the circumstances.*

*I note in her Complaint Form, Miss P says that she took out a loan from family members to repay the overdraft. Barclays has confirmed its records show that a sum of £491.58 is still outstanding. Any credits made to the account outside of the process set out in Barclays' letters will be automatically redirected to Miss P's new bank. With that being the case, I would encourage Miss P to get in touch with Barclays to discuss this matter further and, if necessary, agree a mutually acceptable repayment plan.*

*Overall and having carefully considered everything, I don't think that Barclays lent irresponsibly to Miss P or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.*

*I appreciate this will be very disappointing for Miss P but, for the reasons I've explained, I think this is a fair outcome in the circumstances.*

## **Responses to my provisional decision**

In response to my provisional decision, Miss P raised two key points as follows:

1. *The [overdraft limit] increase was given despite me living within that overdraft for a long time and missing Direct Debits.*
2. *At no point had my income been £3,600 a month...every complaint I have raised [our service] has come out with wildly different pictures of my income and expenditure.*

Barclays accepted my provisional decision with no further submissions.

## **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've also carefully thought about everything that has been said in response to my provisional decision.

Having done so, I am not minded to depart from the findings set out in my provisional decision. This being that I don't think Barclays needs to do anything further to resolve this complaint. I understand this will come as a disappointment to Miss P, but I'll explain why.

In response to my provisional decision, Miss P has said that she was regularly living within her overdraft prior to the limit increase. In my provisional decision, I acknowledge that Miss P was using her overdraft regularly. And, although there were brief periods when the account was brought into credit, I accept there were times where Miss P may have met the criteria of someone who displayed a pattern of repeat use of their overdraft.

And Miss P also says that she was missing Direct Debits prior to the limit increase. I've reviewed the ledgers and, having done so, I can't see returned Direct Debits and certainly not with any regularity. Indeed, the account appears to be maintained within agreed limits.

However, whilst acknowledging Miss P's overdraft usage – and if I were to accept she was missing Direct Debits – I think that Miss P's monthly income (including salary, Child Benefit and income from family) exceeded the amount of her overdraft limit<sup>1</sup>. And, while I'm not seeking to make retrospective value judgements over Miss P's expenditure, nonetheless there are reasonable amounts of non-committed, non-contractual and discretionary transactions going from Miss P's account which could be used to reduce her overdraft.

Finally, Miss P points to other cases she has brought to our service where different conclusions about her income and expenditure have been reached. It is important to be clear that each case turns on its own facts. And, what's more, the facts of each case can vary depending on a number of factors, including when the event being complained about took place.

With all of that being the case, I adopt the findings set out in my provisional decision in full in this decision - this being that the complaint should not be upheld.

### **My final decision**

For the reasons I've set out here and in my provisional decision, my final decision is that I do not uphold Miss P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 21 August 2025.

Ross Phillips  
**Ombudsman**

---

<sup>1</sup> I note Miss P says that her income has never been £3,600 per month. I'm satisfied this figure represents an *average* of Miss P's regular receipts in the months prior to the limit increase. But, even if I were to disregard some of the receipts from family members, I still think Miss P's regular receipts exceeded the amount of her overdraft limit.