

## **The complaint**

Mr M complains that it was irresponsible for Bank of Scotland plc, trading as Halifax, to have opened a credit card account for him and to have increased his credit limit.

## **What happened**

Mr M applied to Halifax for a credit card account in June 2016. His application was accepted and an account was opened for him with a credit limit of £6,000. The credit limit on the account was increased to £6,500 in September 2018. The credit card balance was repaid in November 2019 using a loan that Mr M had taken from Halifax, the credit limit was then decreased to £100 and the account was closed in September 2022. Mr M complained to Halifax in September 2024 about irresponsible lending relating to six loans and his credit card account.

Halifax didn't uphold his complaint so Mr M complained to this service in March 2025. His complaint about the loans and the credit card account were then separated. This complaint about the credit card account was looked at by one of this service's investigators who didn't think that this service was able to consider his complaint about irresponsible lending but could consider his complaint about an unfair relationship under section 140A of the Consumer Credit Act 1974. Having considered everything, the investigator recommended that Mr M's complaint about an unfair relationship with Halifax shouldn't be upheld as he didn't think that Mr M's relationship with Halifax was unfair.

Mr M didn't accept the investigator's recommendation and has requested that his complaint be escalated to an ombudsman for a review. He's provided a detailed response to the investigator's recommendation and says, in summary, that: the complaint is within time under DISP 2.8.2R as he only became aware of his cause for complaint in late 2023 or early 2024; Halifax failed to conduct proportionate affordability checks; Halifax didn't respond appropriately to signs of vulnerability; and the lender–borrower relationship was unfair.

## **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 issued a separate decision in which I've set out the reasons that I consider that this service is unable to consider some parts of Mr M's complaint. In this decision I'm only considering whether or not Mr M's relationship with Halifax about his credit card account was unfair to him under section 140A. Section 140A gives a court the power, amongst other things, to require a creditor to repay any sum paid by the debtor under a credit agreement if it determines that there's an unfair relationship between the debtor and the creditor. Mr M entered into a credit agreement with Halifax for the credit card account so I need to consider whether that credit agreement led to an unfair relationship.

Mr M applied to Halifax for a credit card account in June 2016 and declared that he was employed with a gross annual income of £30,000 and that he was living with his parents so he had no housing costs. Halifax says that in order to qualify for lending, customers must

pass credit assessments, indebtedness assessments, policy rules and an affordability assessment. It says that Mr M passed all creditworthiness and affordability assessments so a credit card account, with a credit limit of £6,000, was opened for him. It says that, because the account was opened more than six years ago, it no longer has the application, credit risk and affordability assessment data.

Halifax was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr M was sustainably affordable for him before opening a credit card account for him. As Halifax no longer has that application, credit risk and affordability assessment data, it can't show that it made those reasonable and proportionate checks.

Halifax says that it's looked at Mr M's bank account statements for the three months before the credit card account was opened in June 2016 and they show that his monthly average income was £1,924.74, his spending on existing credit commitments was £219.37 and his non-discretionary spending was £408.67, so he had a disposable income of £1,296.70. It also says that Mr M's ISA statements show that he had savings of between £2,000 and £3,000, which it wouldn't expect to see if Mr M was struggling financially.

I consider that, if Halifax had made reasonable and proportionate checks, it's more likely than not that those checks would have shown that a credit card account with a credit limit of £6,000 was sustainably affordable for Mr M at that time. I've not seen anything in those statements that would have shown Halifax that Mr M was spending significant amounts on gambling or that he had any other vulnerability. I'm not persuaded that there's enough evidence to show that Halifax acted irresponsibly when it opened the credit card account for Mr M in June 2016.

Halifax says that it wrote to Mr M in August 2018 to offer him an increase in his credit limit from £6,000 to £6,500 and gave him 30 days to opt out of it if he didn't want it. It says that before it offers a credit limit increase, it assesses the customer's creditworthiness and affordability using a combination of external credit reference agency data and internal behavioural data, including scorecards based on the detailed credit card account conduct. Again, it says that due to the credit limit increase being more than six years ago, it no longer has the credit risk and affordability assessment data from when the increase took place. As Halifax no longer has that credit risk and affordability assessment data, it can't show that it made reasonable and proportionate checks before offering the credit limit increase to Mr M.

Halifax says that it's looked at Mr M's bank account statements for the three months before the credit limit was increased in September 2018 and they show that his monthly average income was £2,548.05, his spending on existing credit commitments was £513.68 and his non-discretionary spending was £118.22 so he had a disposable income of £1,916.15. I consider that Mr M's non-discretionary spending was likely to have been more than that, but even if it was increased to an average living cost of £710, I consider that Mr M would have had enough disposable income for the credit limit increase to have been sustainably affordable for him.

I consider that if Halifax had made reasonable and proportionate checks, it's more likely than not that those checks would have shown that a credit limit increase of £500 was sustainably affordable for Mr M at that time. I've not seen anything in those statements that would have shown Halifax that Mr M was spending significant amounts on gambling or that he had any other vulnerability. Halifax's account notes show that it was contacted by Mr M in September 2019 when he asked for a 30 day hold on his account and he said that he'd started gambling and it had impacted his finances. That was about a year after his credit limit had been increased and I've seen nothing to show that Halifax was made aware of Mr M's gambling before then.

The statements also show that Mr M received a gift of £20,000 in July 2018. I'm not persuaded that there's enough evidence to show that Halifax acted irresponsibly when it increased the credit limit on Mr M's account to £6,500 in September 2018. Halifax says that the balance on Mr M's credit card was repaid in November 2019 using a loan that he'd taken out. Mr M has complained about that loan, and other loans, that were made to him by Halifax and that complaint is being dealt with separately. Halifax says that the credit limit on the account was then decreased to £100 and the account was closed in September 2022.

Halifax is required to report true and accurate information about Mr M's credit card account to the credit reference agencies. I've seen no evidence to show that the information that Halifax has reported to the credit reference agencies about Mr M's credit card account isn't true and accurate. I've also considered whether Halifax acted unfairly or unreasonably in some other way. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

I've carefully considered all that Mr M has said and provided about his complaint, but I'm not persuaded that there's enough evidence to show that Mr M's credit relationship with Halifax arising from his credit card account was unfair to him. It's clear that Mr M feels that the lender-borrower relationship was unfair, so I appreciate that my decision will be disappointing for him. I find that it wouldn't be fair or reasonable in these circumstances for me to require Halifax to take any action in response to Mr M's complaint.

### **My final decision**

My decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 November 2025.

Jarrold Hastings  
**Ombudsman**