

The complaint

Mrs J complains Barclays Bank UK PLC trading as Barclaycard (Barclays) failed to carry out sufficient financial checks before it approved a credit card account for her.

What happened

Mrs J says Barclays approved a credit card facility of £4,000 in February 2019, and feels it failed to carry out appropriate financial checks before it approved the credit limit. Mrs J says she had sizeable external borrowing at the time and was regularly only making minimum monthly payments on her revolving credit facilities. Mrs J feels Barclays failed to take reasonable steps to assess the affordability of the repayments.

Mrs J wants Barclays to refund all interest and charges along with 8% simple interest and to remove any adverse information on her credit file relating to this facility.

Barclays says it undertakes various financial checks before approving any lending facilities. These checks include a credit check using a leading credit reference agency (CRA) as well as information contained in Mrs J's application form. Barclays says from the checks it undertook there was no evidence to suggest Mrs J was struggling financially and her application also passed the appropriate affordability checks.

Barclays did not agree it lent to Mrs J irresponsibly.

Mrs J wasn't happy with Barclays' response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator pointed out Barclays had carried out reasonable and proportionate checks before it approved the £4,000 credit card facility in February 2019. That said, the investigator believed Barclays hadn't made a fair lending decision because Mrs J's disposable income only left a modest £83 per month available to meet any unforeseen circumstances, and therefore felt the borrowing wasn't sustainable.

The investigator says to put matters right Barclays should refund all interest and charges along with 8% simple interest and remove any adverse information from Mrs J's credit file relating to this borrowing. The investigator added that following such a refund, if a balance remained outstanding an affordable payment plan should be put in place.

Barclays didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said:

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 have come to a different outcome to that of the investigator and I will explain how I have come to my decision here.

When looking at this complaint I will consider if Barclays acted irresponsibly when it approved a credit card facility of £4,000 for Mrs J in February 2019.

Here Mrs J feels Barclays didn't carry out its financial responsibilities correctly before it approved the borrowing and it wasn't affordable or sustainable.

The investigator felt Barclays had carried out sufficient financial checks and these were proportionate and reasonable. That said, the investigator didn't feel Barclays had made a fair lending decision, as the level of net disposable income left available to Mrs J wasn't at an acceptable level to meet any unforeseen circumstances.

While I understand the points made here, I'm not fully persuaded by these arguments and I will go on to explain why.

The first thing to say here is there are no set rules of what checks banks like Barclays must undertake when looking to provide credit to its customers, other than these should be customer focused and take into account the amount, term and type of borrowing and it considers the sustainability and affordability of such a commitment. I should say it's not my role to tell banks like Barclays what sources it must use to conduct those checks, but they should be reasonable and proportionate to any facility approved.

From the information I have seen, before Barclays approved the £4,000 credit card account for Mrs J it considered the information within the application form completed and declared by Mrs J, relied upon credit checks using data from an established CRA and undertook its own internal affordability modelling. I can see from those checks Barclays established Mrs J had no arrears, missed payments, defaults or CCJ's recorded and existing financial commitments showed no evidence of any financial pressure. So, I'm satisfied here like the investigator, Barclays checks were reasonable and proportionate.

Looking at the affordability of the credit approved by Barclays, both the investigator and Mrs J felt the borrowing wasn't sustainable. The investigator has made the point that after taking into account Mrs J's net disposable income, there was only £83 or so available to meet any unforeseen future expenditure, after allowing for the credit card minimum monthly payments of around £90.

So, while I understand that, it's important to say here as part of Barclays affordability modelling it had sensibly applied a buffer to Mrs J's monthly disposable income (MDI) to 90%, to allow for any such unforeseen expenditure. So that would have meant Mrs J's true MDI was £193, more than double the new minimum monthly payment, if fully utilised.

It's also worth pointing out here that the credit card account Mrs J applied for was at 0% interest for the next 28 months, and I can see she took advantage of balance transfers, as part of the interest free credit facility, to repay existing credit card debt and other borrowing totalling approximately £1,800. So, it's reasonable to say that meant there were other minimum monthly payment that no longer needed paying and those savings haven't been taking into consideration as part of the affordability modelling undertaken. So, it's reasonable to say in all probability Mrs J's MDI going forward was better than the modelling used by Barclays.

Taking this into account I'm satisfied the credit card approved was affordable and sustainable and this is also borne out in part, by the fact there were no issues on this account post approval and it was fully repaid once the interest free period came to an end in July 2021.

In fact, the proposal to refund any interest charged isn't relevant here as no interest was

ever charged aside from a modest balance transfer fee and I can see no evidence to suggest this borrowing caused any obvious financial detriment to Mrs J while it was in force.

While Mrs J will be disappointed with my provisional decision, I won't be asking anymore of Barclays here.

I've also considered whether Barclays acted unfairly or unreasonably in some other way given what Mrs J has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

Barclays responded to my provisional decision but I have heard nothing further from Mrs J despite a chaser for her response, so the case has been passed back to me to make a final decision.

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 gave Mrs J and Barclays until 23 July 2025 to accept or reject my provisional decision, but as I have heard nothing further from Mrs J, despite sending a reminder giving her a further seven days to respond, I see no need to change or add to my provisional decision and so my final decision remains the same.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 27 August 2025.

Barry White
Ombudsman