

The complaint

Miss S complains that Barclays Bank UK PLC trading as Barclaycard irresponsibly lent to her.

What happened

Miss S was approved for a Barclaycard in August 2023, with a £2,550 credit limit. Miss S says this was irresponsibly lent to her. Miss S made a complaint to Barclaycard, who did not uphold her complaint. Barclaycard said that they carried out appropriate and proportionate checks. Miss S brought her complaint to our service.

Our investigator did not uphold Miss S' complaint. She said Barclaycard's checks were proportionate, and she couldn't find any detriment to Miss S.

Miss S asked for an ombudsman to review the complaint. She made a number of points. In summary, she said her income was overestimated and Barclaycard should have considered if her new income was secure or transitional. She said her income fluctuated, and she provided payslips between March – October 2023. She requested that the default is removed from her credit file.

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.

Before agreeing to increase the credit available to Miss S, Barclaycard needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no 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. I've listed below what checks Barclaycard have done and whether I'm persuaded these checks were proportionate.

Miss S declared a gross annual income of £22,683. Barclaycard calculated a net monthly income of £1,900. But I'm not persuaded that it would be fair for Barclaycard to use this as a net monthly income, especially when this would be more than Miss S' declared gross income.

While I understand Barclaycard have other ways of verifying an income such as using Current Account Turnover (CATO) for example, and this can be an industry standard way of assessing income, when the net income annually is more than what Miss S declared gross annually, then I'm persuaded that they should have completed further checks here.

The CRA Barclaycard used showed that Miss S had active unsecured debt of £24,506, which was over 100% of her declared gross income - albeit I note the majority of this debt was from a single unsecured personal loan. The CRA reported no arrears in the last 12 months on any accounts for Miss S, and there were no defaulted accounts showing. Miss S

was showing as having £1,010 already on credit card balances, so even if she completed a balance transfer, her debt to income ratio would further be increased.

So I'm persuaded that Barclaycard should have made further checks to ensure the lending would be affordable and sustainable for Miss S based on the income Miss S declared not being consistent with the net monthly figure Barclaycard used.

There's no set way of how Barclaycard should have made further proportionate checks. One of the things they could have done was to contact Miss S to ask her what her current income/outgoings were. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

Although Miss S has provided payslips between March-October 2023, it wouldn't have been proportionate for Barclaycard to go this far back, as her income in March may not be reflective of what it was in the months prior to Barclaycard approving the account. And it also wouldn't be proportionate for Barclaycard to ask for information after the credit was given, as this would be after the lending decision was made.

Barclaycard have access to Miss S' statements through their wider group. So I asked Barclaycard for any statements that Miss S was named on for the three months leading up to this lending decision. There were multiple accounts Miss S was named on, and she transferred money between her various accounts regularly. But in the main, although Miss S transfers money to savings accounts, she often transfers the money out of them, so this largely negates any savings she appeared to have.

I'm also mindful while the joint account is managed well, it appears Miss S' contribution to the bills on this account is £720 a month. The income shown that she receives is more than the net income her declared gross income suggests that she would receive. Miss S has enough disposable income in order to make several non-priority transactions, and so I can't fairly say that she didn't have sufficient disposable income in order to make affordable and sustainable repayments for a £2,550 credit limit.

So if Barclaycard would have made further checks, based on the discrepancy of the income I mentioned earlier, I'm persuaded that they still would have approved Miss S' application and provided her with a £2,550 credit limit. I'm persuaded that they made a fair lending decision here.

I've considered what Miss S has said about asking Barclaycard to remove the default. While I can't ask them to remove the default as part of the irresponsible lending complaint she brought to us, as I didn't find the lending was irresponsible, Miss S may be able to raise a separate complaint directly to Barclaycard about how this account defaulted if she feels they should not have defaulted this account. But Miss S would need to complain directly to Barclaycard to give them the opportunity to address this issue first. If she is unhappy with their response, then she may be able to bring this separate complaint to our service.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Barclaycard lent irresponsibly to Miss S or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 10 December 2025.

Gregory Sloanes
Ombudsman