

## **The complaint**

Miss C says Bank of Scotland plc trading as Halifax ('Halifax'), irresponsibly lent to her. She thinks that Halifax shouldn't have allowed her to have a credit card and Halifax ought not to have increased the credit limit on it.

She also complains that Halifax shouldn't have allowed her to transfer large amounts from her credit card to her current account and use the card to fund gambling. She thinks that Halifax should have better investigated her spending patterns on the card and acted in her best interests. She says it didn't do this.

## **What happened**

This complaint is about a credit card that Miss C took out in March 2018. The initial credit limit was £2,500. This was increased in May 2019 to £3,800, to £4,800 in June 2021 and finally to £5,300 in May 2023.

Miss C complained to Halifax about the decisions made to start the card and increase the credit limits on it. And she complained that Halifax should have helped her more, given how she used the card.

Halifax considered this complaint, and it didn't uphold it. It said it'd made proportionate checks, which showed that Miss C could afford the card and the credit limit increases. It also said she had used the card for general spending, cash and money transfers. There was no evidence of gambling, and the account was generally well maintained with no late payments. It said it had no reason to stop her money transfer requests or stop her using the card.

Miss C didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator has issued two opinions, the first one, which upheld Miss C's complaint was superseded by the second one due to what the Investigator said were mistakes in calculating Miss C's income and expenditure. Our Investigator didn't uphold Miss C's complaint in the second opinion. He thought that Halifax hadn't completed reasonable checks when the card was started and when the limits of it were increased. But he thought that further checks would've shown that the card repayments were affordable.

He also didn't think it would have been reasonable for Halifax to have monitored Miss C's use of the card to a great degree, or that it should have stopped Miss C using it. It wouldn't have been clear that she was gambling excessively, or that she was unable to make the card repayments.

Miss C didn't agree with the Investigator. She said that:

- Financial instability was evident from her bank accounts and credit card statements. She did not receive a regular income from her partner.

- She used the card excessively for gambling and, she transferred £13,000 to her current account between April 2020 and May 2020. Halifax should have credit checked these transfers and spending.
- She did not have anything left at the end of the month and was close to, or in, her overdraft.

There was some further correspondence, but no new issues were raised. Because Miss C didn't agree, this matter has been passed 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Halifax complete reasonable and proportionate checks to satisfy itself that Miss C would be able to repay the credit in a sustainable way?
  - a. if so, did Halifax make a fair lending decision?
  - b. if not, would reasonable and proportionate checks have shown that Miss C could sustainably repay the borrowing?
2. Did Halifax act unfairly or unreasonably in some other way?

And, if I determine that Halifax didn't act fairly and reasonably when considering Miss C's application, I'll also consider what I think is a fair way to put things right.

#### Did Halifax complete reasonable and proportionate checks to satisfy itself that Miss C would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Halifax asked Miss C what her income was, and she said that it was around £20,000 a year. The application data also shows that Miss C informed Halifax that she was single and living in rented accommodation. She had been employed for three years and six months.

Miss C said she paid rent of £200 a month and had other commitments also of £200 a month. Halifax calculated that she would have just under £900 a month left over after her committed expenditures, to pay for her other expenditures and any repayments that she would need to make to the card. So, it thought the card was affordable for her at the start.

Halifax collected similar information at the time of the credit limit increases. It's not all available now due to the passage of time. Her income was about £1,400 a month in 2021 and about £1,850 in 2023. Miss C had loan debt of just under £5,000 in 2023 and her housing costs and commitments also increased at this time. Halifax calculated that she had a disposable income of £623 in 2021 and £260 in 2023.

Halifax checked Miss C's credit file and also used what it described as internal behavioural data to assess the affordability of the card repayments. Halifax has supplied some of the credit reference agency data it obtained for the credit limit increases in 2021 and 2023, it doesn't have some information from 2019, and before, due to the passage of time. But from what I can see there are no signs of financial problems such as missed or late payments in any of the information it obtained from the credit reference agencies. Miss C has said that she didn't have any problems repaying her credit until later.

So, Halifax hasn't been able to provide full evidence about the checks it carried out. Because of this, I can't be entirely certain of what it considered before approving the credit limit increases lending and whether the checks were proportionate.

And Miss C's complaint is also about how she managed the account, in relation to her financial situation. So, I have looked at the information provided to see if it would have been evident to Halifax that the lending wasn't affordable to Miss C, or that it should have not lent to her for any other reason. For example, if it looked in more detail at her circumstances over time.

Would further checks, or monitoring of the account, have shown that Miss C wouldn't have been able to repay the credit in a sustainable way?

I've gone on to consider what Halifax would likely have found if it had looked in more detail at Miss C's circumstances at the time of the lending decision and over time. And I've considered if it needed to take any action given how Miss C used the card.

Miss C has provided copies of her bank statements for some of the period over which she had the card. Miss C has provided some information about the credit card in the form of credit card statements. Halifax has provided a transaction list for the credit card for some of the period when she held the card.

While I wouldn't have expected Halifax to have asked Miss C for copies of her bank statements and so on, I'm satisfied that this information would give a good indication of what Halifax would likely have taken into consideration had it asked Miss C to verify, or provide more information about, her income and expenditure.

Our Investigator outlined Miss C's income and expenditure at the time the card was started and at the times the credit limit was increased. I'm not going to reproduce all of this as it has been well documented and all the parties to the complaint are aware of it. But I think it's reasonable to say that given her income, and what she received from her partner, against her normal expenditures, the repayments to the card would likely to be affordable.

Miss C's main objection to this is that she says she was sometimes close to having a very low amount left over at the end of the month, and she did occasionally use her overdraft. But there were also times when this wasn't the case and I think this, on its own, isn't enough to say that the card repayments weren't affordable. In the absence of any other signs of financial difficulty such as missed or late payments, or defaults, and so on.

Miss C says the crux of her complaint is that Halifax should have monitored her use of the card and seen some signs of her financial problems. I can see that there were, again at times, a significant number of transactions, via a third party payment business, that she has said were for gambling. And she also did transfer large cash sums to her current account. She said the volume and timing of these transactions should have led to further checks being made, and these checks should have led to Halifax not lending to her.

But I can see that the balance she owed was, at the early part of the lending below £1,000. And in the middle part it could be between £1,000 and £2,000. She doesn't seem to have been borrowing to near the credit limit until 2024. So, even though Miss C was borrowing significant amounts to spend on gambling, and making cash withdrawals to her current account, she didn't have problems repaying these. I've noted that she did consistently, although not always, pay large amounts to the card. Sometimes over £1,000 in a month.

I think repayment problems are the most obvious and reliable indicator that a person is using credit in a problematic way. Or having other financial problems. But I think it's reasonable to say Miss C was able to repay the card without problems after it started and over the time the credit limit was increased. I don't think she had any repayment problems over the time I am looking at.

There were no other signs of financial difficulties in the card use, and I can't see that Miss C's financial problems were brought to Halifax's attention. I think it would have been disproportionate for Halifax to have checked her transactions in the way she now thinks it should have. So, I don't think Halifax should have not lent due to the way Miss C used the card.

So, and while I appreciate this will come as a disappointment to Miss C, I'm satisfied that, had Halifax carried out reasonable and proportionate checks, I think it's likely it would have found the card payments to be sustainably affordable, as they were.

Did Halifax act unfairly or unreasonably in some other way?

I have considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think it lent irresponsibly to Miss C 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.

I haven't seen anything to make me think Halifax acted unfairly or unreasonably in some other way.

### **My final decision**

For the reasons set out above, I don't uphold Miss C's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 7 October 2025.

Andy Burlinson  
**Ombudsman**