

The complaint

Miss R complains Barclays Bank UK PLC trading as Barclaycard (“Barclays”) irresponsibly lent a credit card to her and increased the limit when it was unaffordable.

Miss R is represented by a third-party, but for ease of reference I’ll mostly refer to Miss R throughout.

What happened

In February 2019 Miss R applied for a credit card with Barclays. The application was approved, and she was provided with a limit of £400.

In January 2024 Barclays let Miss R know they’d be increasing her credit limit to £800. Miss R complained to Barclays in December 2024. She said the lending was irresponsible and unaffordable and Barclays failed to conduct proper checks. Barclays responded in the same month.

They said at the time Miss R had declared a salary of £32,500 per annum, and although she had other debt it was managed well at both the account opening and the credit limit increase. Overall, they were satisfied the checks were proportionate and a fair lending decision was made.

In January 2025 Miss R referred the complaint to our Service. An Investigator looked into things and initially said that reasonable and proportionate checks were carried out, and a fair decision to lend was made for both the account opening and the credit limit increase. They said this because Miss R had no arrears, a healthy disposable income and was making regular overpayments to the account.

There was some back and forth between Miss R’s representatives and the Investigator. They felt that there was evidence of exceeding credit limits, late payments and cash advances that should’ve put Barclays on notice there was an issue. The Investigator said they were historic and didn’t make a difference to the outcome.

A second Investigator picked up the complaint and issued a second opinion. They felt the checks weren’t proportionate due to adverse information in the four months prior to lending, and so Barclays should’ve done more to establish Miss R’s income and expenditure. However, having done so, they were satisfied the lending was still affordable, and rejected the complaint for both the account opening and the credit limit increase.

Miss R responded to the view disagreeing. She felt the running balance of her current account proves it wasn’t affordable, and Barclays didn’t go far enough to verify her income. Despite the Investigator pointing out that Miss R was in fact earning more than she declared, so had Barclays verified the income, it would’ve just appeared even more affordable for her, an agreement couldn’t be reached.

The complaint has been passed to me to decide.

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.

Your text here

My final decision

I'm conscious that two different opinions have been issued, with different approaches to whether the checks were proportionate, but ultimately the outcome remains the same, that the lending was fair – whichever way the complaint is approached.

The rules and regulations in place at the time Barclays provided Miss R with the credit card and the credit limit increase required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Barclays had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss R. In other words, it wasn't enough for Barclays to consider the likelihood of them getting the funds back or whether Miss R's circumstances met their lending criteria – they had to consider if Miss R could sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Barclays did what was needed before lending to Miss R.

Account opening

When Miss R applied for a Barclays card, they gathered information regarding her financial circumstances. It recorded that Miss R was earning a salary of around £32,500 per year and had outstanding debt of around £10,000. Miss R didn't have any defaults at the time of application. There was some adverse information recorded externally, most recently four months prior, however that had been resolved at the time of application. This was collated using the information Miss R declared at application, and an external credit check.

Barclays verified Miss R's income to be around £2,100 per month, based on what she'd declared. They'd calculated her expenditure to be around £1,700 per month, giving her an estimated disposable income of around £400.

I believe the checks Barclays carried out were proportionate, and considering the amount being provided to Miss R, and the information they gathered in these checks, I don't think they acted unfairly when providing her with the credit card. I say this because it was for a modest amount of £400 and there although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Miss R to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

I'd like to address Miss R's representatives comments around income and expenditure checks. Firstly, when considering lending complaints, there are no specific checks that

lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so Barclays didn't make an error when they didn't automatically ask to see Miss R's bank statements before approving the application.

However, as our Investigator has pointed out, Miss R declared an income that monthly was less than what she was actually earning. Barclays used that figure to verify an income, which was confirmed by the verification service they use. Had Barclays gone through the statements or completed more checks as Miss R's representatives suggest, they would've seen she was earning more, and her expenditure is consistent with what was declared, so it would just prove to Barclays she had even more disposable income than they initially thought.

Therefore, it follows not only do I believe the checks were proportionate, I think the lending decision was fair too. Even if I felt Barclays should do further checks due to the adverse data on the credit file, the lending decision would still be deemed fair because Miss R had sufficient disposable (more than she'd declared) to repay the debt.

Credit limit increase

When thinking about whether the increase was fair, I've considered all the factors above, as well as how Miss R was managing her account with Barclays since the account was opened. Miss R had some adverse information i.e. late payments, however she'd cleared the arrears and there wasn't anything recent.

Miss R managed the account with Barclays very well. She was making significant overpayments to the account. What I mean by this is, each month, a customer is expected to make at least a minimum payment to the account. What this amount is can vary from lender to lender, but for this case Miss R was asked to pay around 3%.

Between account opening and the limit increase, Miss R was expected to pay at least £148. But Miss R paid £433 – a nearly 200% increase in what was due. For this alone, I don't think there'd be anything to suggest to Barclays that Miss R was struggling financially or wouldn't be able to afford a small increase of £400.

Therefore it follows that I believe the checks for the increase were proportionate, and a fair decision to lend was made.

In reaching my conclusions, I've also considered whether the lending relationship between Barclays and Miss R might have been unfair to Miss R under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Barclays did not lend irresponsibly when providing Miss R with the credit card, or by increasing her credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Miss R, I won't be upholding her complaint against Barclays for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 29 September 2025.

Meg Raymond
Ombudsman

