

The complaint

Mr G complains that Barclays Bank UK PLC trading as Tesco Bank lent irresponsibly when it approved his credit card application and later increased the limit.

What happened

Mr G applied for a Tesco Bank credit card in January 2022. In his application, Mr G said he was employed full time with an annual income of £150,000 that Tesco Bank calculated left him with a net monthly income of £8,500. Tesco Bank says it used a service provided by the credit reference agencies to verify the income level Mr G declared. A credit search found Mr G had existing debts of around £12,700 with monthly repayments of around £1,128. The credit search also found Mr G had five defaults, the newest of which was 63 months old at the point of application. No recent arrears, cash advances from other credit cards, County Court Judgements or other adverse credit were found on Mr G's credit file. A mortgage with monthly repayments of £1,090 and an outstanding balance of £235,000 was also found.

Tesco Bank completed an affordability assessment taking Mr G's mortgage payments, existing debts and estimates for his general living expenses into account. Tesco Bank says Mr G's total outgoings came to around £3,319 a month against a net income of £8,500. Tesco Bank approved Mr G's application and issued a credit card with a limit of £3,000.

Mr G went on to use the Tesco Bank credit card in the months that followed. Tesco Bank then increased the credit limit to £5,000 in October 2022.

More recently, Mr G complained that Tesco Bank lent irresponsibly and that he'd mistyped his income as £150,000 in the application. Tesco Bank issued a final response and said it had completed the relevant lending checks before approving Mr G's application and later increasing the limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr G's complaint. They thought Tesco Bank completed proportionate checks before approving Mr G's application and increasing the credit limit and weren't persuaded it lent irresponsibly. Mr G asked to appeal and said he'd sent the investigator bank statements from before his credit card was approved that showed gambling transactions, frequent overdraft use, a history of minimum payments and lack of financial headroom. Mr G also said the income figure was wrong and that he was receiving a fixed salary of £12,500 a year plus some dividends. Mr G added he didn't recall giving an income figure of £150,000 and that the service provided by the credit reference agencies only used estimates or inferred data when checking income. Mr G added that his unsecured debt levels increased between the application and credit limit increase around nine months later. As Mr G asked to appeal his complaint has been passed to me to make a 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.

Before agreeing to lend or increasing the credit limit, the rules say Tesco Bank had to complete reasonable and proportionate checks to ensure Mr G could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Mr G gave in the application form above. I'll start by looking at Mr G's income figure. Mr G says he was on a fixed salary of £12,500 a year plus some dividends so wasn't earning the £150,000 income figure he gave in the application. But I think it's fair to say Mr G would've had to check the information he provided in the application and confirm it was correct before submitting it. If the income details provided weren't right, it's not clear why they weren't amended to reflect Mr G's actual income at the time.

I would add that Tesco Bank has confirmed it used a service provided by the credit reference agencies to verify the income figure provided. I haven't seen anything that would've indicated to Tesco Bank that Mr G wasn't earning £150,000 as claimed in the application. Overall, I'm satisfied Tesco Bank acted reasonably by relying on the £150,000 annual income figure Mr G gave in his application when considering whether to proceed.

The credit file results obtained by Tesco Bank showed Mr G did have several defaults, the newest of which was 63 months old at the point of application. But I think it's fair to say those defaults were reasonably historic in nature. And Mr G's other debts were all up to date with no other signs of adverse credit like County Court Judgements, IVAs or recent cash advances. In my view, Mr G's credit file indicated that whilst he'd had some historic credit issues he appeared to be in a stable financial situation at the time. I also note Mr G's credit file showed his mortgage and that payments were up to date.

Tesco Bank used the information given by Mr G in his application, credit file results and an estimate for his general living expenses to calculate his total outgoings – reaching the view they came to a total of £3,580 a month. When compared against Mr G's net monthly income of £8,500 that would've left him with just under £5,000 a month to cover additional repayments and any other spending. I'm satisfied that would've been sufficient to sustainably cover a new credit card with a limit of £3,000. In my view, Tesco Bank completed proportionate lending checks before approving Mr G's application and the decision to proceed was reasonable based on the information it obtained. I'm sorry to disappoint Mr G but I haven't been persuaded Tesco Bank lent irresponsibly when it approved his credit card application.

The credit limit was increased to £5,000 in October 2022. Tesco Bank's confirmed it checked Mr G's credit file again before increasing the limit and found his debts had increased to around £22,179. I can see a new loan for around £7,000 was taken in that period and that Mr G's credit card debt had increased from around £12,000 to around £14,500. But I note there were no other signs of difficulty with Mr G's repayments being up to date and no new

adverse credit or defaults being registered. And whilst I agree there was an increase in Mr G's unsecured debt levels, when his income is taken into account the increase posed less of a risk.

A new affordability assessment was completed taking Mr G's mortgage, unsecured debts and general living expenses into account. That reached the view Mr G had outgoings totalling £4,726 a month and had a disposable income of £3,773. Tesco Bank says that was more than sufficient to sustainably maintain repayments to an increased credit limit of £5,000.

I've also looked at how Mr G used the credit card in the months after his application was approved. I can see Mr G took advantage of balance transfer at a promotional interest rate and a money transfer in February 2022. Mr G's following payments were all made on time without incurring any late or overlimit fees. I can see Mr G was making the minimum payments during this time. But given the account had been opened for less than a year and part of the outstanding balance related to a balance transfer Mr G took at a promotional interest rate, I haven't been persuaded the minimum payments ought to have been a cause for concern from Tesco Bank. Based on the available information, I think Mr G's Tesco Bank credit card history shows his account was well maintained.

In my view, Tesco Bank's conclusion was reasonable based on the information it obtained. Overall, I'm satisfied Tesco Bank completed reasonable and proportionate checks before increasing Mr G's credit limit to £5,000. And I'm satisfied the decision to proceed was reasonable based on the information Tesco Bank obtained. I'm very sorry to disappoint Mr G but I haven't found grounds to say Tesco Bank's lending checks should've gone further or that it lent irresponsibly in this case.

I've considered whether the business acted unfairly or unreasonably in any other way including 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 Tesco Bank lent irresponsibly to Mr G or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 December 2025.

Marco Manente
Ombudsman