

## The complaint

Mr J complains that Bank of Scotland Plc (BoS) acted irresponsibly in increasing the credit limit on his credit card he'd with them.

## What happened

In 2021 Mr J applied for a credit card account with BoS. His application was successful, and a credit card was issued with a credit limit of £4,000. Mr J said he sought a credit limit increase around September 2022 as he was looking to make home improvements. His request was accepted and BoS increased his credit limit to £7,400. Mr J said BoS based their decision on the information he gave to them and didn't carry out proper affordability checks which has caused him to be persistently in debt. He complained to BoS.

BoS said they used application, credit reference agency (CRA) and statistical data to assess Mr J's affordability. And based on these checks Mr J should have been able to sustain his repayments. They said their lending decision was fair.

Mr J wasn't happy with BoS' response and referred his complaint to us.

Our investigator said BoS' checks had been reasonable and proportionate but found their lending decision wasn't fair as by increasing Mr J's credit limit they'd added £370 a month to Mr J's financial burden. They asked BoS to put things right.

BoS didn't agree saying Mr J's credit limit increase was £3,400 so his repayment each month would be less than that considered by our investigator. They asked for an ombudsman to decide.

I issued a provisional decision in August 2025 that said:

## 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 appreciate Mr J will be disappointed. But having done so I'm currently minded not to uphold his complaint. I'll explain why.*

*Mr J's complaint is that BoS shouldn't have increased his credit limit around September 2022 from £4,000 to £7,400. What's important to note is that the credit card limit BoS provided is a revolving credit facility rather than a loan. This means there isn't a fixed amount to be paid each week/month, but an amount calculated on the credit card monthly usage and any outstanding balance. While Mr J already had a credit limit of £4,000 applied at the initial opening of the account, BoS was approving a credit limit increase of £3,400. And it's about this amount that I need to determine whether the checks BoS carried out was fair and reasonable.*

*I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before BoS*

increased Mr J's credit limit they needed to complete reasonable and proportionate checks to be satisfied he would be able to repay the debt in a sustainable way. In deciding what was proportionate BoS needed to consider things such as (but not limited to): the amount of credit, the size of any regular payments (taking into consideration the rules and guidance in CONC relating to assumptions concerning revolving credit), the cost of credit and the consumer's circumstances.

Being revolving credit there's no set amount that needed to be repaid each month, but CONC requires a firm to assume when carrying out their assessment that the entire credit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. BoS was increasing Mr J's credit limit by £3,400. So, I think BoS could have reasonably assumed Mr J would need to be able to repay an additional £170 per month in order to clear the full amount owed within a reasonable period.

CONC says a lender needs to take reasonable steps to estimate a consumer's income and outgoings. And that they shouldn't rely solely on the income declared by the consumer but seek to verify this with an independent source such as a CRA or third party. CONC also provides for a lender to use statistical data to estimate a consumer's non-discretionary spending. I've considered the checks BoS did.

BoS said Mr J requested the credit limit increase and they'd used his application data and cross checked this with a CRA. Mr J declared a monthly income of £1,393, housing costs of £524 and other monthly commitments of £504. They said they cross checked this with a CRA. And used statistical data provided by the Office for National Statistics. They said their checks showed that Mr J didn't have any loan debt, housing costs of £524, unsecured credit commitments of £52 and living costs of £452. They said there wasn't any adverse information registered on Mr J's credit history. And he was using around 65% of his credit card utilisation. They said Mr J managed his credit card account well as he hadn't missed any payments and was paying more than the minimum payment he was required to make. Based on these checks they decided Mr J had sufficient disposable income to sustain the additional credit limit repayment.

I can understand Mr J's concerns that BoS had approved the credit limit increase of £3,400 based on his application data. But BoS has shown they cross checked this with a CRA. While I don't think it was unreasonable for BoS to use the data they did including Mr J's previous repayments and credit file to get an understanding of his financial circumstances. I think it would have been reasonable for BoS to have taken a more detailed approach to Mr J's credit limit increase request before approving it. I say this as Mr J had a current account held with them at the time. So BoS had Mr J's bank statements available to get a better understanding of his financial situation rather than a reliance on statistical data.

I've looked at Mr J's bank statements for the three months, June, July and August 2022, before the credit limit increase was approved. They show Mr J was paid on average £1,477 month. I couldn't see any payments for housing, utilities or other household expenses on his bank statements. But can see there was a regular monthly transaction of around £1,000, which Mr J has told us was a payment to his partner for mortgage, council tax, utilities and regular living costs. I can also see he'd other non-discretionary spending for credit cards, food, insurance and media averaging around £150 a month. This included Mr J's existing credit card repayments with BoS. Mr J would have had around £327 a month left after meeting his committed outgoings.

I've also considered Mr J's bank statements for any signs of financial vulnerability such as unpaid direct debits and persistent use of his overdraft. I can see Mr J used his overdraft in May 2022, but this was at a time when Mr J had transferred funds of around £2,000 to his investment account. And in August 2022 he later transferred funds back from his investment

*account to help manage his finances and to prevent overdraft usage. I can see he again transferred funds to his investment account in late August 2022 which again put Mr J's account into overdraft. So, I don't think Mr J's account showed signs of financial vulnerability. And at the time of the lending Mr J had use of other funds to manage his finances.*

*So, I'm satisfied had BoS checked further they would have still lent to Mr J as he'd sufficient disposable income to sustain any additional repayment resulting from the credit limit increase.*

*I appreciate my decision will disappoint Mr J but I hope my reasoning explains why I've reached this outcome.*

*I've also considered whether BoS acted unfairly or unreasonably in some other way given what Mr J has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given, I don't think BoS lent irresponsibly to Mr J or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.*

### **Responses to my provisional decision**

BoS didn't ask for any further representations to be considered.

Mr J said his disposable income had been overstated as he was paying £1,000 a month to his partner for mortgage, utilities, council tax, food, etc. And that these weren't discretionary and covered most of their essential living costs.

He added the statistical data used by BoS and which he said was relied upon in my provisional decision didn't fully reflect his actual expenditure patterns. And that his disposable income after household transfers and other essentials was far less than the £327 estimated. As BoS held his current account they'd access to his actual income and expenditure and so they shouldn't have relied on statistical data.

He said Bos had justified their lending decision based on past repayment behaviour which he said was misplaced. He said CONC requires an assessment of future sustainability, not just historic performance.

Mr J said there were signs of financial strain present as he was having to move money around to cover shortfalls, having to use savings or investments to service debts which in his view showed signs of financial strain rather than stability. And by BoS not taking reasonable steps to assess the affordability of the lending they'd caused him to be persistently in debt.

I've carefully considered all the points raised by Mr J, having done so I'm satisfied that these were covered in my provisional decision. I said while I didn't think it was unreasonable for BoS to use statistical data including Mr J's previous repayments and credit history, as BoS had details of Mr J's current account it would have been reasonable for them to have considered this rather than relying on statistical data.

Having decided this I reviewed Mr J's bank statements for the three months leading up to the lending decision to see what BoS could have seen if they'd looked at this information. I considered Mr J's actual income and expenditure from the relevant bank statements to determine his disposable income and not the statistical data used by BoS in their credit worthiness assessment.

BoS needed to think about whether repaying the loan sustainably would cause difficulties or

adverse consequences for Mr J In other words, it wasn't enough for BoS to think only about the likelihood that they would get their money back without considering the impact of repayment on Mr J himself. Repaying debt in a sustainable manner means Mr J being able to meet repayments without undue difficulty - using regular income, avoiding further borrowing to meet payments and making timely repayments over the life of the agreement.

And after reviewing Mr J's bank statements considering his income, essential spending (including the regular payments to his partner for essential bills, which I've considered non-discretionary) and factoring in the new lending amount I'm satisfied he'd sufficient disposable income to be able to sustain the repayments for the lending.

I can see Mr J at times managed his finances by accessing monies from his investments. But I don't accept that this was a sign of financial strain as I said in my provisional decision Mr J wasn't consistently using his overdraft neither were there any signs of unpaid direct debits. Mr J fell into his overdraft after transferring funds to his investments and these monies were still available to him.

I appreciate Mr J will be disappointed by my decision but after considering his response I've not been persuaded to change my outcome.

While I'm not upholding this complaint, I'd like to remind BoS of their obligations under CONC to exercise forbearance if they intend to collect any outstanding balance remaining on the account and it's the case Mr J is experiencing financial difficulty.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 October 2025.

Anne Scarr  
**Ombudsman**