

The complaint

Mrs L complains that Barclays Bank UK PLC trading as Barclaycard lent to her irresponsibly.

What happened

Mrs L applied for – and was given - a credit card with Barclaycard with a credit limit of £1,500 which was subsequently increased as follows:

Date	Event	New limit
15 March 2011	Account opening	£1,500
2 July 2012	Credit limit increase (CLI) 1	£3,000
2 November 2015	CLI2	£6,000
27 June 2016	CLI3	£9,000
9 October 2017	CLI4	£12,000

Mrs L fell into persistent debt in March 2020. She entered a paydown plan in October 2021 under which she has continued to make the required payments.

On 31 January 2025, Mrs L complained to Barclaycard. She said, *“I believe Barclays acted irresponsibly by increasing my credit limit despite clear financial warning signs”*. To resolve her complaint, Mrs L asked Barclaycard for a *“full refund of all interest and fees applied from the 2017 credit limit increase onward”*, a reduction or write off of her balance and compensation for the financial stress and difficulties caused.

Barclaycard issued a final response letter in which it said it was unable to look into the complaint because it *“falls outside of timeframes that are set out in the [Financial Conduct Authority] Handbook”*. It didn’t uphold Mrs L’s complaint.

Mrs L didn’t accept Barclaycard’s response so she referred her complaint to our service. One of our investigator’s looked into it and didn’t agree with Barclaycard that it was outside our jurisdiction. He said it was reasonable to consider the complaint as being about the fairness of the credit relationship as described in Section 140A of the Consumer Credit Act 1974 (s.140), and he went on to consider it on that basis. But our investigator said Barclaycard hadn’t acted unfairly by agreeing to lend to Mrs L or increase her credit limits as it did. He didn’t uphold the complaint.

Mrs L didn’t agree with our investigator so, as there was no agreement, the complaint has been passed to me for 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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Barclaycard thinks this complaint was referred to us too late. Our investigator explained why he didn’t, as a starting point, think we could look at a complaint about the lending decisions

that happened more than six years before the complaint was made. But he also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in s.140, and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mrs L says the increases – especially CLI4 - simply made her situation worse. These may have made the relationship unfair as she had to pay more in interest than she could afford and was unable to reduce the debt. I acknowledge Barclaycard still doesn't agree we can look at this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Mrs L's complaint can be reasonably interpreted as being about the fairness of her relationship with Barclaycard, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974.

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Barclaycard) and the debtor (Mrs L), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given what Mrs L has complained about, I need to consider whether Barclaycard's decision to lend to her and increase her credit limits, or its later actions, created unfairness in the relationship between her and Barclaycard such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mrs L's relationship with B is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Barclaycard carry out reasonable and proportionate checks to satisfy itself that Mrs L was in a position to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Barclaycard make a fair lending decision?
- Did Barclaycard act unfairly or unreasonably towards Mrs L in some other way?

Barclaycard had to carry out reasonable and proportionate checks to satisfy itself that Mrs L would be able to repay the credit sustainably. It's not about Barclaycard assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

There have been a number of lending decisions on Mrs L's account which had the potential to cause unfairness. But her complaint has focussed predominantly on CLI4 – she has asked for a refund of interest from then on – so I too will focus on it. However, I will briefly discuss the earlier decisions as they provide a little context for the one in dispute.

When Barclaycard opened the account, it carried out a number of checks using information provided by Mrs L on her application such as income and employment details, as well as credit checks, income and expenditure calculations. It carried out checks through a widely used credit reference agency prior to the increases which provides data on credit held elsewhere, as well as housing, utilities, council tax and other essential expenditure. Barclaycard also considered how Mrs L was using her account with it. Using that information it considered the limits it set to be affordable for her. Mrs L hasn't disputed the account opening or CLI's 1-3.

CLI4

Barclaycard used the credit reference agency data mentioned above to assess Mrs L's ability to afford an increased credit limit in October 2017. It showed she had little credit elsewhere – around £600 on a credit card and a loan with a balance of £255. She was up to date with her payments to those facilities and had no defaults or County Court Judgments on her credit file. Mrs L was up to date with her payments to Barclaycard and had regularly paid more than the minimum required. This included a payment of £8,000 in April which had reduced the balance considerably.

So I can understand why Barclaycard thought Mrs L could afford an increase in her limit, but it hasn't been able to provide evidence of the income and expenditure details it calculated at the time. I don't find this surprising as businesses are not expected to retain data indefinitely – generally only for six years - and the increase was over seven years ago. But I can't reasonably conclude the checks were reasonable and proportionate if I don't have all the data used.

With that in mind, I've looked at the bank statements Mrs L has provided (which Barclaycard may well have had access to at the time too). They show Mrs L had income from a variety of sources – her main employment, her partner (toward rent and bills) and two other businesses for whom she did freelance work. These added up to an average of £3,400 or so. Her committed expenditure such as rent, living costs and credit commitments amount to around £2,100.

While Mrs L has said the freelance work couldn't be relied upon, over the three month period I've looked at, she received weekly payments from one company of around £200, and a similar monthly amount from another. As these were so regular and consistent, I don't think it's unreasonable to consider them as regular income.

I suspect the figures Barclaycard will have received at the time will have been in line with these calculations. And if it had looked at her statements instead, it would have seen what I have referred to. Overall, I think it would have still lent to Mrs L, and I think that decision was a fair one.

Did Barclaycard act unfairly or unreasonably towards Mrs L in some other way?

Mrs L says she was reliant on credit at the time. I can see she used her Barclaycard regularly, but at the time of CLI4, her balance was around £3,300 against a limit of £9,000. I've already said what the credit search showed in terms of external credit. I can see too that she used her overdraft of £1,600 on her current account, but there is a fair amount of discretionary spending on the account. I don't think this is indicative of someone who is relying on credit to make ends meet.

From October 2018, Mrs L began to make payments in line with the minimum payment on a regular basis. Prior to that, she had often made larger payments – for instance £1,000 in July 2018 and £1,200 in September 2018. At the end of 2018, new rules came in for credit card providers which meant they had to identify customers in persistent debt – that is where they have paid more in interest and charges over an 18-month period, than they have towards reducing the debt. The rules are set out in the Consumer Credit sourcebook (CONC) – part of the FCA's Handbook – specifically in CONC 6.7.27.

By March 2020, Mrs L's account had fallen into the definitions set in the rules to be in persistent debt, and Barclaycard wrote to her about that. The rules are clear for lenders about what is expected of them in managing accounts of this nature, and I can see Barclaycard has followed them with Mrs L's account as I would expect.

I don't think that falling into persistent debt is necessarily a sign that a limit many have been too high for a consumer. In my experience, people's circumstances can change over time, and others often make reasoned decisions for making the minimum payments without realising the effect that doing so for a sustained period of time can have on their balance.

For the reasons I've already given, I don't think Barclaycard lent irresponsibly to Mrs L or otherwise treated her unfairly in relation to this matter.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 22 December 2025.

Richard Hale
Ombudsman