

Complaint

Mr J has complained about credit cards Barclays Bank UK PLC (then trading as “Tesco Bank”) provided to him. He says that the credit cards shouldn’t have been provided as they were unaffordable for him and this led to him accruing significant debts that he was unable to manage.

Background

This complaint is about two separate credit cards that Tesco Bank provided to Mr J. Mr J’s card history is as follows:

Card A – provided with a limit of £2,400.00 in July 2016

Card B – provided with a limit of £8,600.00 in July 2019

The credit limit on either account was never increased. Although Tesco Bank gradually decreased the credit limit on Card B until it reached £5,800.00 in August 2022.

In July 2025, Mr J complained saying that he shouldn’t have been provided with either of these credit cards as they were unaffordable and this led to him accruing significant debts that he was unable to manage. Tesco Bank did not uphold Mr J’s complaint as it didn’t think that it had done anything wrong when agreeing to provide the credit cards.

When responding to our request for its file on Mr J’s complaint, Tesco Bank told us that it believed Mr J had complained about the first card too late. One of our investigators reviewed what Mr J and Tesco Bank had told us. And she thought Tesco Bank hadn’t done anything wrong or treated Mr J unfairly in relation to providing these credit cards. So she didn’t recommend that Mr J’s complaint be upheld.

Mr J disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Tesco Bank has argued that Mr J’s complaint about the first credit card was made too late because he complained more than six years after it agreed to provide the card to him; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr J’s complaint as being one alleging that the relationships between him and Tesco Bank were unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about allegedly unfair lending relationships had been made in time.

Having carefully considered everything, I've decided not to uphold Mr J's complaint. Given the reasons for this, I'm satisfied that whether Mr J's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr J's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr J has not only complained not about the respective decisions to lend but has also alleged that this unfairly impacted on him going forward.

I'm therefore satisfied that Mr J's complaint can therefore reasonably be interpreted as a complaint about the fairness of his lending relationships with Tesco Bank. I acknowledge that Tesco Bank may not agree that we can look at Mr J's complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr J's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr J's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and Tesco Bank, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Tesco Bank) and the debtor (Mr J), 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. S140B 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 Mr J's complaint, I therefore need to think about whether Tesco Bank's decisions to lend to Mr J, or its later actions resulted in the lending relationships between Mr J and Tesco Bank being unfair to Mr J, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr J's relationships with Tesco Bank are therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr J's ability to make his repayments in circumstances where doing so would have revealed the credit cards to be unaffordable, or that it was irresponsible to lend. And if this was the case, Tesco Bank then didn't somehow then remove the unfairness this created.

I've considered Mr J's complaint in this context.

Our typical approach to complaints about irresponsible and unaffordable lending

We've explained how we handle complaints about unaffordable and irresponsible lending on

our website. And I've used this approach to help me decide Mr J's complaint.

Tesco Bank needed to make sure it didn't lend irresponsibly. In practice, what this means is Tesco Bank needed to carry out proportionate checks to be able to understand whether Mr J could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Application to Mr J's complaint – Did Tesco Bank act fairly and reasonably towards Mr J when agreeing to provide him with Card A?

Tesco Bank says it agreed to Mr J's first application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr J would be able to make the relatively low monthly repayments due for this credit card. On the other hand, Mr J says that the credit card was unaffordable.

I've considered what the parties have said.

What's important to note is that Mr J was provided with a revolving credit facility rather than a loan. And this means that to start with Tesco Bank was required to understand whether a credit limit of £2,400.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £2,400.00 didn't require especially high monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

Furthermore, I've seen the information Tesco Bank obtained from Mr J at the time of his application and what was on the credit search carried out. Tesco Bank says that Mr J declared he was full time employed with earnings of just under £1,300.00 a month. I understand that the credit search is likely to have shown that Mr J didn't have significant adverse information – such as defaulted accounts or county court judgments ("CCJ") - recorded against him either.

Furthermore, the amount Mr J owed at that time was relatively well managed and wasn't excessive when considering the amount of his income. Having considered all of this, I'm satisfied that the information Tesco Bank had did indicate that Mr J could make the not especially large monthly repayments required to clear a balance of £2,400.00 within a reasonable period of time.

As this is the case, I'm satisfied that it was not unfair for Tesco Bank to offer Mr J this first credit card, with a limit of £2,400.00 and therefore there was no unfairness created at this stage.

Card B

As I've explained in the background section of this decision, Tesco Bank provided Mr J with a further credit card in July 2019. This second credit card was provided with a credit limit of £8,600.00. Bearing in mind the fact that Mr J had access to this card at the same time as Card A, I've treated matters as if he was given access to £11,000.00 and determined

whether proportionate checks would have shown that he was able to repay this amount within a reasonable period of time.

I've seen the information Tesco Bank obtained from Mr J at the time of this application. Tesco Bank says that Mr J declared he was employed with earnings of around £26,000.00 a year. I understand that Mr J still had no significant adverse information recorded against him. The credit showed that Mr J's unsecured debt was under £4,000.00. So it's fair to say that his existing indebtedness was relatively low at least at this point.

Nonetheless, bearing in mind the extra being granted as a result of Card B and the fact that Mr J could be left with having to repay £11,000.00 within a reasonable period of time, I do think that it would have been reasonable and proportionate for Tesco Bank to have asked Mr J about his regular living costs before offering Card B to him. I can't see that Tesco Bank did request such information from Mr J. So I don't think that it carried out reasonable and proportionate checks before providing this additional card to Mr J.

As Tesco Bank didn't carry out sufficient checks, I've gone on to decide what I think Tesco Bank is more likely than not to have done had it carried out further checks on Mr J. As I've explained above, in order for its checks to have been proportionate, I would have expected Tesco Bank to asked Mr J about his committed living expenses.

I appreciate that Mr J says that he wasn't able to afford these credit cards and that making his payments resulted in his financial position worsening. However, this is an argument he's made after reviewing bank statements. And Tesco Bank wasn't required to review Mr J's bank account statements at all, let alone to the depth that he's reviewed them.

Indeed, such a level of analysis isn't always expected of a mortgage lender when deciding whether to provide a mortgage, let alone a credit card provider that is agreeing to provide unsecured credit in the form of a revolving credit facility. So while I appreciate that Mr J has gone to great lengths to demonstrate the full extent of his finances at this time, I'm not persuaded that the results of Mr J's analysis is indicative of what Tesco Bank is likely to have found out if it asked him about his living expenses.

Furthermore, having extracted Mr J's committed and non-discretionary living expenses at the relevant times, I'm not persuaded that they necessarily show that, if asked, Mr J is bound to have declared living costs that would have resulted in Tesco Bank declining to provide Card B to him.

Ultimately, the regulator's guidance indicates that the typical term associated with repaying a fixed-sum loan of this much provides a useful yardstick for determining a reasonable period of time. A typical repayment term for a loan for around £11,000.00 would be around five years and the information I've seen suggests that Mr J's living costs did not mean that he wasn't able to repay £11,000.00 in around five years.

I accept that Mr J's actual circumstances may not have been fully reflected either in the information Tesco Bank had or what he's now provided. For example, I note that he has referred to using his overdraft for an extended period. I'm sorry to hear about the difficulties that Mr J went on to experience. But Tesco Bank, it wouldn't have known about Mr J's overdraft usage and given it didn't need to request bank statements from him, I can't reasonably expect it to have known about this, or factor it into its decision on whether to lend to him either.

For the sake of completeness, I would also add that Mr J's new credit card had a 0% interest rate offer for money transfers, as well as certain other transactions. And given Mr J had total existing credit of under £4,000.00, he had the option of transferring all of his existing credit

card debt on to this account and also clearing his overdraft too. If he did this, he wouldn't have to pay any interest on this debt going forward.

Indeed, bearing in mind the transactions made, I think that Mr J may well have applied for this credit card in order to benefit from the promotional rate. I accept that a 0% promotional interest rate while useful, won't always be in a customer's best interests. However, Tesco Bank had no reason to consider that this promotional interest offer wouldn't prove useful or beneficial to Mr J at the time that it was providing it.

Tesco Bank actions once Mr J was given his credit card

Mr J has also said that Tesco Bank acted unfairly towards him as it waited for his arrears to grow before taking steps to reduce his credit limit. I've thought about what Mr J has said. The first thing for me to say is that it is unclear why the copy of the credit report Mr J has provided shows no missed payments until it shows that Mr J was four payments late in August 2020.

This is particularly odd given the rest of the reporting of this account shows when Mr J missed individual payments. For example, in January 2023 a missed payment is shown, this becomes two missed payments in February 2023, three missed payments in March 2023 and finally four missed payments in April 2023. With this in mind, it's unclear how and why the credit reference agency jumped to four missed payments in August 2020. Nonetheless, if Mr J is unhappy at the way that any arrears are being reported, this is a matter he'll need to take up with the credit reference agency.

Mr J is correct in saying that a lender is required to monitor a borrower's repayment record and take appropriate action where there are signs of actual or possible financial difficulties. Having reviewed the information provided, it looks like Tesco Bank began the process of reducing Mr J's limit immediately after he missed the April 2020 payment on his account. I say this because Mr J's May 2020 credit card statement shows his credit limit as £7,525.00, rather than the £8,600.00. So while there appears to be an issue in terms of what the credit reference agency Mr J has used, to obtain his full credit report from, is reporting¹, I'm satisfied that Tesco Bank did promptly respond to Mr J's missed payments.

For the sake of completeness, I'd add that while Mr J might question the amount of the limit decrease applied to his account, having reviewed Mr J's statements I've seen that he had a balance of just over £7,000.00 at the time that the first limit decrease was applied. I don't know if Tesco Bank wanted to decrease Mr J's limit all the way down to the £5,800.00 that it decreased it to in August 2022, at this stage. But if it had immediately decreased Mr J's limit to £5,800.00 in May 2020, he would have been significantly over his credit limit at this point.

In my view, Tesco Bank taking such action is likely to have had significant adverse consequences on Mr J's financial position. As a result, I don't think that it was unreasonable for Tesco Bank to reduce Mr J's credit limit as he repaid more of his balance in the way that he did. I'm satisfied that this was a more proportionate response to Mr J's missed payments – particularly as Mr J remaining over his limit for an extended period is likely to have resulted in action being taken to default the account, which is likely to have had even more drastic consequences, given that Mr J's initial missed payments occurred at the beginning of the pandemic.

¹ Mr J's credit report is showing that his credit limit was decreased until June 2020 and there were no arrears at all until Mr J was suddenly four payments behind.

With this in mind, I'm not persuaded by Mr J's argument that Tesco Bank failed to act appropriately, in terms of how it allowed him to use Card B, once he missed payments, or that it failed to act fairly and reasonably towards him in relation to these matters either.

Overall, and based on the available evidence I don't find that Mr J's relationships with Tesco Bank were unfair. I've not been persuaded that Tesco Bank created unfairness in its relationship with Mr J by irresponsibly lending to him when providing either of these credit cards. I don't find Tesco Bank treated Mr J unfairly in any other way either based on what I've seen.

So while I can understand Mr J's sentiments and I'm sorry to hear that about the difficulties he's had repaying his credit cards, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr J. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 March 2026.

Jeshen Narayanan
Ombudsman