

The complaint

Miss A complains that Barclays Bank UK PLC trading as Barclaycard approved a credit card for her and a subsequent credit limit increase, none of which she could afford.

What happened

Miss A has received a decision from the Financial Ombudsman Service about a credit card approved in 2014 and I am not looking at that. Miss A's second card was approved in February 2019 with an initial credit limit of £1,200 which was increased a few months later in September 2019, to £1,600.

After Miss A had complained, Barclaycard's final response letter gave reasons why it did not uphold her complaint about the 2019 card. After one of our investigators had reviewed the complaint, he thought that Barclaycard had done what the regulations had expected of it and did not uphold the complaint. Miss A has made many submissions as to why she disagrees. A second investigator reviewed it and came to the same conclusion as the first. The unresolved complaint was 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.

Our approach to unaffordable/irresponsible lending - including all the relevant rules, guidance, and good industry practice - is set out on our website and I have followed it here. Barclaycard is required to lend responsibly. It needed to conduct checks to make sure that the credit it was giving to Miss A was affordable and sustainable. Such checks needed to be proportionate to things like the credit limit it offered Miss A, how much she had to repay (including interest and charges) each month, her borrowing history with it and what Barclaycard knew about her circumstances.

This means to reach my conclusion I need to consider if Barclaycard carried out proportionate checks at the time of Miss A's application and when it applied the credit limit increase; if so, did it make fair lending decisions based on the results of its checks; and if not, what better checks would most likely have shown.

The approach by Barclaycard is not just looking at the likelihood of the credit being repaid, but the impact of the repayments on Miss A. 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 of credit being applied for, the monthly repayments and the overall circumstances of the borrower.

Did Barclaycard do reasonable and proportionate checks? Did it make fair lending decisions?

Opening of the account in February 2019 with a £1,200 limit

Barclaycard carried out a check on her income and it was confident that Miss A earned around £1,530 a month after tax. It also found out that her outgoings were £1,165 a month including rent of £454. Its own credit search showed Miss A had £3,283 of debt on other

credit cards and £264 on her current account (overdraft). Miss A had no loans. It calculated that Miss A had a £327 disposable income.

Miss A said she had high credit utilisation when she applied for this card, but I think it's reasonable to say the aim of the application was to complete balance transfers that would reduce her outgoings and mean repayments could be used to reduce the balance quicker. And I say this because having reviewed the details, including the individual credit card statements, it's clear that this new Barclaycard was being used to make use of a low percentage interest offer on balance transfers. So, I think that this was a reason for Miss A to have applied for the card. The offer was 0% until 18 March 2020 - an eleven month period interest free (with a balance transfer (BT) fee). And it included 0% on new spending.

Barclaycard has explained that when Miss A applied, it knew her outstanding total balance on the external (other lenders') credit cards she already had – reduced that figure by £1,200 – and then calculated what 2.25% minimum monthly repayment on the full £1,200 would be – around £27. This is not a high figure. And it did that because it knew Miss A had wanted to use it for the balance transfer deal, thereby reducing her external debt monthly costs from elsewhere.

Miss A made use of that interest free offer immediately and her first credit card statement shows me the BT fees (about £40) were paid and Miss A paid £400 towards that new card balance in the first month. I mention this as it demonstrates that the behaviour Barclaycard had anticipated – making use of the 0% interest period – was correct.

I don't consider that Barclaycard necessarily needed to review the bank account Miss A held with Barclays before lending. I have seen some of Barclaycard's historic records that Miss A did use payday loans during those years she was a student. The last one was paid off in 2018. And as Miss A applied for this card almost a year later Barclaycard would have been acting reasonably not to have been overly concerned by that. And even if it were, that historic data would not likely have led to a credit card refusal. If Barclaycard had carried out further checks, I don't consider Miss A would have presented as a person unable to afford the card. Especially when the minimum monthly repayment likely was £27.

Had Barclaycard scrutinised the Barclays current account as I have done (for completeness) I consider it would have seen that Miss A had a graduate account with an interest free overdraft facility which she was using. I have reviewed the details we have for this account as Miss A has brought a complaint about it. I have seen that no charges were incurred on that overdraft until October 2023 – well after Miss A had applied for the Barclaycard.

Miss A's salary regularly credited the account. She paid large sums to existing cards which did mean that her overdraft was higher than it needed to have been if she had paid the minimum repayment sums to those other cards rather than these larger sums like £600 and £500. And in one way, it showed an element of financial management as Miss A was using the account providing her with free credit to pay off other lenders credit cards' interest charges.

There were no indications of what usually would be identifiable markers of 'financial difficulties'. So, although I don't consider Barclaycard needed to review the statements but to satisfy Miss A I've looked at them using one of the other complaint files to assist me.

I've reviewed Miss A's personal credit file which assists to enable me to cross reference details. It is dated around September 2024 and goes back six years which means up to late 2018. Many of the accounts that show on that credit file were opened after Miss A took this Barclaycard and therefore irrelevant. Other accounts open at the time she applied for the Barclaycard were being well managed. And I don't consider her overall debt situation to have been high in February 2019.

Miss A has mentioned that she'd taken a loan from a family member. Barclaycard would not have known of that and I'd not expect it to have known unless Miss A told Barclaycard. And

there's no evidence in the account notes of that – in fact, the account notes demonstrate to me she rarely contacted Barclaycard until 2023.

For all these reasons, including the placement in context the application made by Miss A for the Barclaycard, I don't uphold the complaint about the initial application.

Credit limit increase to £1,600 in September 2019

Miss A's income was much the same as in February 2019. Barclaycard's own credit search showed Miss A had around £4,397 of debt on other credit cards and around £347 on her current account (overdraft). Miss A had no loans. Barclaycard has said -

We set your credit limit according to your circumstances, your account usage and history, information from other parts of Barclays group, information we receive from credit reference agencies, and any other information we think is relevant.

This September 2019 date was still within the 0% interest period. I've looked at the usage details provided by Barclaycard and I've looked at the individual credit card statements.

For several of those early months she just used it to balance transfer amounts onto the Barclaycard and did not use it for other transactions. Miss A often did not use the card at all. There's an element of debt planning and rearranging which can indicate good management. And I have seen that Miss A transferred balances onto the card regularly, paid the fee and then paid the account down with sums ranging from £100 to £400 each month.

I have seen that the situation changed in July and August 2019 which was before the credit limit increase. Miss A started to use the card to buy some things. This was being used well under the limit of £1,200 and still during the 0% period. Minimum payments were scheduled to be about £18 and she was repaying £100. These can be good indicators to lenders of positive credit management. I'd not have expected Barclaycard to have carried out any further checks.

Interest started biting on the Barclaycard May 2020 statement – around £21, but this was after the credit limit increase.

Overall, having considered all the details, I do not uphold the complaint.

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 Barclaycard lent irresponsibly to Miss A or otherwise treated her 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

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 4 December 2025.

Rachael Williams
Ombudsman