

Complaint

Ms K has complained that Barclays Bank UK PLC (trading as “Barclaycard”) irresponsibly increased the limit on her credit card. She says that the limit increases were unaffordable and being provided with them caused her difficulty going forward.

Background

Barclaycard initially increased Ms K’s credit limit to £8,800.00, in June 2016. In January 2017, Barclaycard increased Ms K’s limit to £10,800.00 before the credit limit was once again increased to £13,800.00 in August 2017. In February 2019, the limit was increased, for a final time, to £14,800.00.

In December 2024, Ms K complained saying that the credit limit increases Barclaycard provided were unaffordable and caused her difficulty going forward. Barclaycard did not uphold Ms K’s complaint. As far as it was concerned Ms K’s complaint about the first three limit increases was made too late. It didn’t think that it had done anything wrong when providing the final limit increase.

Ms K remained dissatisfied and chose to refer her complaint to our service as a result. When responding to our request for its file on Ms K’s complaint, Barclaycard reiterated that it believed Ms K’s complaint about the first three limit increase was made too late.

One of our investigators reviewed what Ms K and Barclaycard had told us. He thought that he hadn’t seen enough to be persuaded that Barclaycard failed to act fairly and reasonably when providing Ms K with any of the limit increases. So the investigator didn’t recommend that Ms K’s complaint be upheld.

Ms K disagreed with the investigator’s conclusions and asked for an ombudsman to look at her 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. Barclaycard has argued that most of Ms K’s complaint was made too late because she complained more than six years after the decisions to provide the first three credit limit increases, as well as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between her and Barclaycard was unfair to her as described in s140A of the Consumer Credit Act 1974 (“CCA”). He also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Ms K's complaint. Given the reasons for this, I'm satisfied that whether Ms K'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 Ms K's complaint should be considered more broadly than just Barclaycard's decisions to lend. I consider this to be the case as Ms K has not only complained about the decisions to lend but has also alleged that this unfairly caused her difficulty going forward because of the ongoing impact it had on her finances.

I'm therefore satisfied that Ms K's complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Barclaycard. I acknowledge Barclaycard may still disagree that we can look at Ms K's complaint, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters. This includes commenting on Ms K's arguments on why she believes that she complained in time.

In deciding what is fair and reasonable in all the circumstances of Ms K's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Ms K's complaint can be reasonably interpreted as being about the fairness of her relationship with Barclaycard, 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 (Barclaycard) and the debtor (Ms K), 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 Ms K's complaint, I therefore need to think about whether Barclaycard's decision to lend to Ms K, or its later actions resulted in the lending relationship between Ms K and Barclaycard being unfair to Ms K, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Ms K's relationship with Barclaycard is therefore likely to be unfair if it didn't carry out proportionate checks into Ms K's ability to repay what she could owe, in circumstances where doing so would have shown it that the limit increases, were unaffordable, or that it was irresponsible to lend. And if this was the case, Barclaycard didn't then somehow remove the unfairness this created.

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 Ms K's complaint.

I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

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 that information – 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, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion. Indeed, the requirements have not and still do not mandate a list of checks that a lender should use. Any rules, guidance and good industry practice in place over the years has simply set out the types of things that a lender could do when considering whether to lend to a prospective borrower.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was fair to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments that a prospective borrower might have to make were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Application to Ms K's complaint – Was Barclaycard's decision to provide Ms K with the credit limit increases unfair?

Barclaycard says it initially agreed to Ms K's application after it obtained information on her income and also carried out a credit search. And, in its view, the information obtained indicated that Ms K would be able to make the monthly repayments due for this credit card. For these limit increases, Barclaycard says that Ms K's repayment record and management of her account indicated that she could manage the increases.

On the other hand, Ms K says that the credit card was unaffordable and caused her difficulty going forward.

I've considered what the parties have said.

The first limit increase

What's important to note is that Ms K was provided with a revolving credit facility rather than a loan. This means that to begin with Barclaycard was required to understand whether a credit limit of £8,800.00 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £8,800.00 reasonably sized monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Barclaycard concluded that Ms K had an annual income of around £27,000.00. Furthermore, the credit search showed that while Ms K did have other accounts what she owed on them didn't mean that she couldn't afford this credit card. What's also important to note is that Ms K didn't have any significant adverse information recorded against her at this time either.

I'm also mindful that Ms K had already fully repaid her balance with a payment of close to £2,500.00 in March 2016. So it's fair to say that the repayments Ms K was making were commensurate with repaying £8,800.00 within a reasonable period of time. This is especially as a useful yardstick for determining a reasonable period of time would be the typical repayment term for a for a fixed sum loan for an equivalent amount and a loan for around £9,000.00 would be taken over five years or so.

In these circumstances, bearing in mind that apparent stability of Ms K's finances and her validated income, I'm satisfied that the checks Barclaycard carried out in this instance were reasonable and proportionate. And as the information that Barclaycard suggested that the repayments were affordable for her, I'm satisfied that Barclaycard acted fairly and reasonably when initially providing the card to Ms K and therefore no unfairness was caused at this stage.

The final three limit increases

As I've explained in the background section of this decision, Barclaycard increased the credit limit on this credit card on Ms K's card on a further three occasions. The credit limit was increased to £10,800.00 in January 2017, £13,800.00 in August 2017 before it was finally increased to £14,800.00 in February 2019.

I appreciate that Barclaycard's credit checks may have showed that Ms K didn't have any significant adverse information recorded against her. However, given there was the prospect of Ms K owing over £10,000.00 as a result of these increases (and close to £15,000.00 as a result of the increase), I do think that reasonable and proportionate checks would have required Barclaycard having an idea of Ms K's committed and non-discretionary living costs.

After all, it had been sometime since it had found out about Ms K's income and it's unclear to me how it could have known Ms K would be able to make her payments without having any idea of what she was already committed to paying. As I can't see that Barclaycard did obtain this information, I'm not in a position to be able to say that the checks it carried out before providing the final three limit increases were proportionate.

As I've explained, where a firm failed to carry out reasonable and proportionate checks before providing credit or significantly increasing the amount available to a customer, I'd usually go on to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown.

However, Ms K has been unable to provide us with the information we've asked her for in order to be able to assess what Barclaycard finding out more about her circumstances at the respective times is likely to have shown. So I've not been provided with sufficient evidence to be able to ascertain Ms K's income, or her committed expenditure, which is what I think that Barclaycard needed to find out about when offering these limit increases.

I appreciate that Ms K may feel that it is unreasonable and unfair to expect her to provide information which she doesn't have and cannot reasonably be expected to have. But I also have to take into account that Barclaycard isn't required to have retained all of this information either. Ultimately, it was Ms K that chose to make her complaint in

December 2024. As this is the case, I have to decide the complaint on what I have before me.

It is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any additional credit provided was unaffordable. It's very difficult for me to uphold a complaint on the basis of uncorroborated arguments regarding an individual's circumstances, where, for reasons I'll come on to explain further on, the activity on the account suggests the customer was able to afford the credit.

So I'm afraid that I've not been provided with sufficient evidence which corroborates what Ms K has said about not being able to make the increased monthly payments required should she owe the full amount of the new credit limits.

For the sake of completeness, I would also add that while Ms K has said that, under S140 A-C of the CCA, as she has alleged that the lending relationship was unfair, it is for Barclaycard to prove that this isn't the case. However, it may help for me to explain that Ms K has alleged that her lending relationship with Barclaycard was unfair, because it irresponsibly lent to her.

So Ms K is partially correct when she says that it would be for Barclaycard to prove that the relationship wasn't unfair. However, this would only be the case should it be established that it was irresponsible for Barclaycard to have lent to her. And for the reasons I've explained, I've not been provided with sufficient evidence to persuade me that it was irresponsible for Barclaycard to have lent to Ms K here.

Indeed, Barclaycard has provided details of the monthly payments that Ms K was able to make, on this credit card, from when the account was opened. Having considered this payment history, I can see that there were many occasions where Ms K made payments well in excess of the minimum payment.

In the period between July 2016 (the month after the first limit increase) and January 2019 (which was the month prior to the final limit increase) Ms K made payments totalling over £20,000.00. I think it would be fair to say that the payments Ms K made in this roughly two-and-a-half-year period were significantly more than the amount she could have ended up owing as a result of the final limit increase. Given this is the case, Ms K's repayment record does lend more weight to the fact that her lending relationship with Barclaycard, in relation to this card, wasn't unfair.

Finally, I've noted what Ms K has said about her medical conditions. I've not repeated Ms K's conditions in decision as it will be published. But I've considered everything that Ms K has told us. It's clear that Barclaycard didn't know about Ms K's condition at the time it agreed to provide these limit increases. I say this because it appears that Ms K wasn't diagnosed until relatively recently.

Furthermore, I've already explained why Ms K's repayment record suggested that she was managing her credit card reasonably well. I'm not persuaded that there was a pattern of underpayment or that there were any issues in her account management which warranted further scrutiny. So I don't think that Ms K's account management suggest that she may have been unwell and given she wasn't in arrears there was no reason for Barclaycard to take corrective action, or offer her forbearance. Indeed, the relevant section of the regulator's rules and guidance applicable to forbearance is entitled '*Arrears, default and recovery*' and it follows that this section only applies when either of these scenarios are at play.

As this is the case, while I sympathise with what Ms K has told us and the impact this has had on her ability to make her payments, I don't think that Barclaycard unfairly failed to take consider Ms K's condition in circumstances where it ought to have known about this. Therefore, I'm not persuaded that it failed to act fairly and reasonably towards Ms K in this regard either.

Overall, and based on the available evidence I don't find that Ms K's relationship with Barclaycard was unfair. I've not been persuaded that Barclaycard created unfairness in its relationship with Ms K by irresponsibly lending to her whether when offering her the limit increases that it did. I don't find Barclaycard treated Ms K unfairly in any other way either based on what I've seen either.

So overall and having considered everything, while I can understand Ms K's sentiments and sympathise with the difficult time that she has been through, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Ms K. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding this complaint, I'd like to remind Barclaycard of its obligation to exercise forbearance and due consideration in collecting the outstanding balance on this credit card. This is especially given what Ms K has now said about her circumstances and the correspondence she's referred to recently receiving indicates that she may now have entered into persistent debt.

My final decision

For the reasons I've explained, I'm not upholding Ms K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 2 March 2026.

Jeshen Narayanan
Ombudsman