

## **Complaint**

Miss I has complained that Barclays Bank UK PLC (then trading as “Tesco Bank”) irresponsibly provided a credit card to her. She says that this caused her difficulty going forward as she had to make cutbacks on essential items.

## **Background**

Tesco Bank initially provided Miss I with a credit card, which had a limit of £3,100.00, in May 2014. In May 2016, Tesco Bank offered to increase Miss I’s limit to £4,200.00 before the credit limit was once again increased to £5,100.00 in April 2018.

In February 2025, Miss I complained saying that the credit card Tesco Bank and the associated limit increases provided were unaffordable and caused her difficulty going forward as she had to make cutbacks on essential items. Tesco Bank did not uphold Miss I’s complaint. As far as it was concerned Miss I had complained too late.

Miss I remained dissatisfied and chose to refer her complaint to our service as a result. When responding to our request for its file on Miss I’s complaint, Tesco Bank reiterated that it believed Miss I had complained too late.

One of our investigators reviewed what Miss I and Tesco Bank had told us. She thought that she hadn’t seen enough to be persuaded that Tesco Bank failed to act fairly and reasonably when providing Miss I with her credit card or the limit increases. So the investigator didn’t recommend that Miss I’s complaint be upheld.

Miss I 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. Tesco Bank has argued that Miss I’s complaint was made too late because she complained more than six years after the decisions to provide the credit card and the 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 Tesco Bank was unfair to her as described in s140A of the Consumer Credit Act 1974 (“CCA”). She 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 Miss I's complaint. Given the reasons for this, I'm satisfied that whether Miss I'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 Miss I's complaint should be considered more broadly than just Tesco Bank's decision to lend. I consider this to be the case as Miss I has not only complained about the decisions to lend but has also alleged that this unfairly caused her difficulty going forward as she had to make cutbacks on essential items.

I'm therefore satisfied that Miss I's complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Tesco Bank. I acknowledge Tesco Bank may still disagree that we can look at Miss I'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.

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

Miss I's relationship with Tesco Bank is therefore likely to be unfair if it didn't carry out proportionate checks into Miss I's ability to repay what she could owe, in circumstances where doing so would have shown it that the credit card, or the limit increases, were unaffordable, or that it was irresponsible to lend. And if this was the case, Tesco Bank 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 Miss I'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 Miss I's complaint – Were Tesco Bank's decisions to provide Miss I with the credit card and limit increases unfair?*

Tesco Bank says it initially agreed to Miss I'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 Miss I would be able to make the monthly repayments due for this credit card. For the limit increases, Tesco Bank says that Miss I's repayment record and management of her account indicated that she could manage the increases.

On the other hand, Miss I says that the credit card was unaffordable and caused her difficulty going forward as she had to make cutbacks on essential items.

I've considered what the parties have said.

What's important to note is that Miss I was provided with a revolving credit facility rather than a loan. This means that to begin with Tesco Bank was required to understand whether a credit limit of £3,100.00 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £3,100.00 didn't require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Tesco Bank concluded that Miss I had an annual income of around £15,000.00. Furthermore, the credit search showed that the amount of her existing

unsecured debt was extremely low. What's also important to note is that Miss I didn't have any significant adverse information recorded against her at this time either.

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

The limit increases on this credit card saw Miss I's credit limit firstly being increased to £4,100.00 in May 2016 and then £5,100.00 in April 2018. In considering whether it was fair and reasonable for Tesco Bank to have offered these limit increases, I'm mindful that in the 12 months prior to May 2016, Miss I never made a repayment of less than £500. And she often made payments of substantially more than this amount.

Furthermore, there was only a single occasion in the 12-month period leading up to April 2018 where Miss I only made the minimum repayment. Indeed, in ten of these months Miss I made a monthly repayment in excess of £600 and she actually made a payment of over £3,000.00 the month before the second increase which had the effect of reducing her balance to under £300.

Bearing in mind Miss I managed to make these payments in both of these periods, it is extremely difficult for me to say that Miss I's repayment record in itself didn't suggest that she could repay £4,100.00 and then £5,100.00 within a reasonable period of time. This is important as Tesco Bank was entitled to rely on Miss I's repayment record on this account when deciding whether to increase her credit limit.

In any event, I'm not persuaded that Tesco Bank carrying out further checks would have led to it deciding against offering to increase Miss I's credit limit. I say this because at the absolute most, it could be argued that Tesco Bank ought to have found out more about Miss I's actual living costs.

However, while I've considered all of the information Miss I has provided us with, I can't see that Miss I's committed non-credit related expenditure meant that she wouldn't be able to make the repayments that she could have had to make had she used the extra credit offered. Equally, I also have to consider this in the context that the credit searches didn't show that Miss I's other credit was increasing exponentially either.

Overall, and based on the available evidence I don't find that Miss I's relationship with Tesco Bank was unfair. I've not been persuaded that Tesco Bank created unfairness in its relationship with Miss I by irresponsibly lending to her whether when initially agreeing to provide her with a credit card or offering her the limit increases that it did. I don't find Tesco Bank treated Miss I unfairly in any other way either based on what I've seen either.

So overall and having considered everything I'm not upholding this complaint. I appreciate this will be very disappointing for Miss I. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or

reject my decision before 2 March 2026.

Jeshen Narayanan  
**Ombudsman**