

The complaint

Mr S complains that Barclays Bank UK PLC trading as Barclaycard irresponsibly lent to him.

What happened

Mr S was approved for a Barclaycard credit card in December 2019, with a credit limit of £1,200. Mr S says that this was irresponsibly lent to him. Mr S made a complaint to Barclaycard, who did not uphold his complaint. They said there was no evidence they irresponsibly lent to him. Mr S brought his complaint to our service.

Our investigator did not uphold Mr S' complaint. She said there was a discrepancy with Mr S' annual income and his declared net monthly income, but further checks wouldn't show the lending was unfair.

Mr S asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that his bank statements showed he received no salary credits, he was unemployed following graduation, and he held a student bank account with a company in Barclaycard's wider group. He said he was persistently overdrawn, Barclaycard approved the account without verifying his income or carrying out proportionate checks which breached the regulators rules.

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.

Firstly, I'm aware that I've only summarised Mr S' complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve the credit available to Mr S, Barclaycard needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Barclaycard have done and whether I'm persuaded these checks were proportionate.

Barclaycard used information that Mr S provided such as his income, and information from a Credit Reference Agency (CRA). Mr S declared a net monthly income of £1,300 and that he was working. Mr S has since told us he was unemployed at the time, but he didn't see this option available to select. But it would be proportionate for Barclaycard to consider that a potential customer would give them accurate information about their employment status. And I'm satisfied he told Barclaycard he earned £1,300 net a month and he was working as this is what the application data showed.

The CRA that Barclaycard used showed Mr S had no defaulted accounts, and no active accounts in arrears for the previous 12 months. Mr S had active unsecured debt showing as being £1,475. So it wouldn't appear that Mr S was overindebted. Barclaycard were aware he used an overdraft, but this doesn't automatically follow that Mr S wouldn't be able to make repayments for a Barclaycard. And as he missed no recent repayments on his existing active accounts, Barclaycard would have no reason to believe that Mr S may not actually be working as he managed to pay what he was required to pay on his existing accounts.

The £1,200 credit limit would represent a debt to annual net income ratio of around 7.7%, so this wasn't a large amount of Mr S' declared income. But there was a discrepancy as while Mr S declared a net monthly income of £1,300, Barclaycard had a recorded annual income of £10,300.

So I would expect Barclaycard to complete further checks on the net monthly income of £1,300 which Mr S declared. Barclaycard did actually make further checks. They sent this to a CRA to validate it and the CRA produced a confidence factor which was high. But Barclaycard didn't just make this check, as they used Current Account Turnover (CATO), which was also able to validate the income crediting Mr S' current account.

Barclaycard also completed an affordability assessment for Mr S. Although Barclaycard didn't ask Mr S directly for details about his outgoings, they are not required to do this for each lending decision. Barclaycard used modelling, which is an industry standard way of estimating outgoings, and information from the CRA about Mr S' credit commitments, to build this into the affordability assessment. The affordability assessment showed that Mr S would have a sufficient disposable income to be able to meet sustainable and affordable repayments to the account.

So in the absence of any adverse information on Mr S' credit file, the further checks they made regarding his income he declared, and the disposable income showing after the affordability assessment, then I'm not persuaded it would have been proportionate for Barclaycard to have contacted Mr S directly to ask him details about income and outgoings, or to manually review his bank statements, as this wouldn't be proportionate in the circumstances here.

So I'm persuaded that Barclaycard's checks were proportionate, and they made a fair lending decision to provide a £1,200 credit limit for Mr S.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Barclaycard lent irresponsibly to Mr S otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 February 2026.

Gregory Sloanes
Ombudsman