

The complaint

Miss T complains that Barclays Bank UK PLC trading as Barclaycard (Barclays) lent to her irresponsibly.

What happened

Miss T took out a credit card with Barclays, in December 2016. The credit limit given to Miss T was £2,500. This was increased in June 2017 to £3,500 and again in April 2022 to £5,250.

In January 2025, Miss T complained to Barclays saying it had treated her unfairly by lending to her irresponsibly. She explained she had remained at the higher end of her credit limit since she first got the credit card and could only ever make the minimum repayments. She said that she believed living like this was normal until recently.

Barclays considered Miss T's complaint and agreed that it shouldn't have increased her credit limit in 2022. But it said Miss T had complained too late for it to consider the lending decisions that took place before this.

Miss T didn't accept Barclays's response, so she referred her complaint to our service. One of our investigators looked into it, but based on the evidence available, our investigator didn't uphold the complaint. She said whilst she could look into the earlier lending decisions, she couldn't reasonably conclude that the lending was irresponsible, or the relationship was unfair. She said Barclays had completed reasonable and proportionate checks for the first lending decision in 2016. Although the investigator thought Barclays needed to do more to check the 2017 lending decision was affordable, she said had it done this it would have reasonably concluded the lending was fair.

Miss T didn't accept what our investigator said, so she asked for a second opinion. As there was no agreement, the complaint has been passed to me for a decision.

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.

Having done so I reached the same outcome as the investigator, but my reasoning differed. So, I issued a provisional decision saying:

“There are time limits for referring a complaint to the Financial Ombudsman Service, and Barclays thinks this complaint was referred to us too late. Our investigator explained why she didn't, as a starting point, think we could look at a complaint about the lending decisions that happened more than six years before the complaint was made. But she also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974 (s.140), and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the

complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Miss T says the lending given to her was unaffordable and she remained at or close to the credit limit for most of the time she had the account. This may have made the relationship unfair as she's said she had to pay more in interest than she could afford and was unable to reduce the debt. I acknowledge Barclays still doesn't agree we can look at parts of this complaint, but given the outcome I have reached, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Miss T's complaint can be reasonably interpreted as being about the fairness of her relationship with Barclays, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974.

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Barclays) and the debtor (Miss T), 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, including:

- *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.

S.140B 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, requiring a refund, or to do or not do any particular thing.

Given what Miss T has complained about, I need to consider whether Barclays' decision to lend to her, or its later action or inaction, created unfairness in the relationship between her and Barclays such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness. Miss T's relationship with Barclays is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- *Did Barclays carry out reasonable and proportionate checks to satisfy itself that Miss T was in a position to sustainably repay the credit?*
- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did Barclays make a fair lending decision?*
- *Did Barclays act unfairly or unreasonably towards Miss T in some other way?*

Barclays had to carry out reasonable and proportionate checks to satisfy itself that Miss T would be able to repay the credit sustainably. It's not just about Barclays assessing the likelihood of Miss T being able to repay the credit, but it had to consider the impact of the repayments on her.

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 and length of the credit, the amount of the monthly repayments and the cost of the credit.

Did Barclays carry out reasonable and proportionate checks to satisfy itself that Miss T was in a position to sustainably repay the credit?

Barclays has explained that it carried out a full credit search to get an understanding of Miss T's situation before it decided to lend to her. Barclays has shown this revealed she had no adverse information on her credit file and had been managing her existing credit well. Miss T had a relatively low amount of debt and didn't appear to be over indebted in any way.

Barclays has provided a copy of the information gathered when Miss T applied for the credit card and this showed she declared an annual income of £20,000. They verified this using the credit reference agencies (CRA) and calculated her expenditure based on what it knew about Miss T.

Barclays applied estimates for Miss T's regular living expenses and income which is an approach it's allowed to take under the relevant lending rules. Based on its calculations Barclays found that Miss T would have a reasonable level of disposable income after making repayments to the credit card. So, on this information the lending appeared affordable. Having reviewed the information available, I think the checks Barclays completed here were reasonable and proportionate and I haven't seen anything to suggest that further checks were needed or that the first lending decision in 2016 was unfair.

Barclays increased the limit to £3,500 in June 2017 but based on the information available to it at the time I think it needed to do more to satisfy itself that the lending would be affordable. I say this because although Miss T's credit information showed she wasn't over indebted and had no adverse information, the confidence score provided by the CRA for her income had dropped. Given this, I think it needed to understand more about Miss T's circumstances and why her income may have changed in the two months before the lending decision was made.

There are a number of ways it could have done this, such as checking Miss T's bank statements and discussing her circumstances with her. I think had Barclays reviewed Miss T's current account statements (which were also with Barclays) it would have seen that Miss T's source of income had changed from earnings to savings. I think it would also have seen that her savings were more or less depleted by April 2017 and that the remaining transfers were coming into the account from what appear to be family members.

I think this change in circumstances should have prompted a discussion with Miss T to establish how she intended to maintain the existing balance and whether a further increase was appropriate. I can't see that Barclays did this or anything else to satisfy itself that the limit increase was affordable, so I can't be satisfied its checks were reasonable and proportionate.

To establish what Barclays would likely have found had it spoken to Miss T about her circumstances, we asked her for more information about her situation at the time. She told us that she took a career break from her UK employment, which her employer agreed could last up to five years, to travel abroad and visit family. Miss T obtained a working visa for her time abroad and intended to secure work after spending some time with her family. Around the point Miss T was looking to secure work she says she unfortunately had to return to the UK unexpectedly in June 2017 because of a family bereavement.

Given the uncertainty around Miss T's circumstances at the time, I think had Barclays completed proportionate checks it would more likely than not have concluded it wasn't

reasonable to increase Miss T's credit limit.

However, just because I think Miss T's relationship with Barclays became unfair based on the lending decision made in June 2017, it doesn't automatically mean it would be fair to refund all of the interest and charges on the account from that date. I must consider whether anything changed that meant that unfairness was remedied in some way.

To understand whether the relationship subsequently became fair, I've reviewed Miss T's bank statements for the period July 2017 to October 2017. Based on the information available, it appears that Miss T had returned to work in the UK and had enough money coming in from her wages to cover her repayments to other credit, essential and committed expenditure, and leave her with a reasonable level of disposable income. I can also see that Miss T was able to save around £1,000 during this period.

Over the next two years Miss T incurred a number of overlimit charges, and I would have expected Barclays to reach out during this time to offer Miss T assistance in case of financial difficulties. Barclays didn't do this, but I can see that in September 2020 Barclays refunded these charges to the account and I think this was reasonable.

I say this because based on the information available to it the confidence score for Miss T's income was high, she didn't appear to have any adverse information recorded against her and she wasn't over indebted. Additionally, Miss T didn't contact Barclays in this time to ask for support with the credit card or her finances more broadly.

After the charges were refunded in 2020, Miss T ran the account well with only two late payments up to the point the complaint was made in 2025, and these were caught up in a timely way and without issue.

So, on the evidence available, whilst I think there were some account management issues up to November 2019, I don't think there was any other clear evidence that Miss T was in financial difficulties. And I think from July 2017 Miss T was able to afford the increased limit of £3,500 and so it follows, I think the relationship became fair from this point.

*There could be an argument to say that Miss T would be due a refund for any interest incurred in June 2017 on sums above £2,500. However, in *Smith v Royal Bank of Scotland Plc* [2023], the Supreme Court pointed out that remedies for unfair relationships are at the court's discretion, and the court may deny a remedy where the claimant had knowledge of the facts relevant to their claim but substantially delayed making the claim. There is no fixed period of delay that brings this principle into play, but the Supreme Court approved the comments of the District Judge's in the case that a court would be slow to remedy unfairness in a situation where the claimant delayed more than six years after knowing the facts.*

So, when deciding what's fair and reasonable in this case, I must take this ruling and the judges' comments into account. Having considered the information available, I think Miss T did delay in bringing the claim. I say this because Miss T would have received statements setting out the new credit limit and if she was suffering any sort of financial difficulties, it would have been reasonable for her to have known an increased credit limit would contribute to that. So, I'm satisfied she had knowledge of the relevant facts that caused the unfairness she complains of from at least July 2017 when the statement would have shown the increased limit. But she didn't do anything about this until she complained in January 2025. In these circumstances, I don't think it would be fair or reasonable to expect Barclays to remedy the unfairness going all the way back to June 2017.

In summary, I think it's reasonable to have expected Miss T to have brought any unfairness that arose in June 2017, to Barclays attention within a reasonable time, to give it the chance

to put things right. I've seen no evidence that she did that, and I've not seen that there was anything that would have prevented her from doing so. I appreciate Miss T has said she didn't know she could complain about the lending until recently. However, Miss T didn't need to complain or know the regulations. Rather she needed to reach out to Barclays about any unfairness (such as unaffordability) that she was experiencing at that time.

Did Barclays act unfairly or unreasonably towards Miss T in some other way?

Barclays stepped in to remedy any unfairness there may have been by it not contacting Miss T between November 2017 and November 2019. It's also refunded the interest and charges applied to the account for limits above £3,500, said it will remove any adverse information from Miss T's credit file in relation to these sums and has put in place a plan to reduce the credit card limit down to £3,500. I think all of this is reasonable and I haven't seen any other evidence that Barclays has treated Miss T unfairly in some other way.

Overall, and based on the available evidence I'm not persuaded that Barclays has acted unfairly in this case. It's not clear enough to me that Barclays created unfairness in its relationship with Miss T that it failed to remedy or that Miss T should be compensated for, and I don't think Barclays treated Miss T unfairly in any other way either based on what I've seen."

Neither party responded to my provisional decision and so in the absence of any further new evidence I see no reason to depart from my finding here.

My final decision

My decision is that I don't uphold Miss T's complaint about Barclays Bank UK PLC trading as Barclaycard for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 5 March 2026.

Charlotte Roberts
Ombudsman