

The complaint

Mr and Mrs L complain that Barclays Bank UK PLC lent to them irresponsibly.

What happened

Mr and Mrs L had a joint account with Barclays. They applied for an overdraft and several increases which were agreed as follows:

Date	Event	Limit
23 August 2018	Opening limit	£190
18 November 2018	Limit Increase (LI)1	£250
8 December 2018	LI2	£390
4 January 2019	LI3	£500
17 January 2019	LI4	£900
3 September 2019	LI5	£970

On 14 April 2025, Mr and Mrs L complained to Barclays. They said the bank had failed to notice their financial difficulties during annual reviews of the account and failed to offer any forbearance. They said the fees and charges levied made their position worse. To resolve their complaint, they asked Barclays to refund interest and charges they have paid since 2019, and remove any adverse information relating to the overdraft from their credit file.

Barclays looked into Mr and Mrs L's complaint and issued a final response letter. It said the charges applied were in line with the terms of the account, and it didn't feel it was responsible for any financial difficulties they may be facing. The bank didn't uphold the complaint or offer any refunds of charges or interest.

Mr and Mrs L didn't accept Barclays response so they referred their complaint to this service. They said the overdraft *"increased rapidly over the space of a few months which should have been an indication that [they were] having difficulties"* and the bank had *"irresponsibly provided [them] with an unmanageable overdraft facility within a short period of time"*. When they did so, Barclays told us that it felt part of the complaint had been raised too late as more than six years had passed since the overdraft was agreed and some of the charges and interest have been levied. But it felt the limit and increases had been lent fairly and provided the information it had regarding the lending decisions made.

One of our investigators looked into the complaint. He felt it was reasonable to consider it as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974 (s.140). That being so, he said we could consider the whole of the complaint and went on to do so.

But he felt Barclays had not acted unfairly in agreeing the overdraft limits for Mr and Mrs L. He said he didn't think the bank had treated them unfairly by continuing to apply charges and interest for the overdraft facility. He didn't uphold the complaint.

Mr and Mrs L didn't agree with our investigator so the complaint has been 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.

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 he 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 he also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in 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 Mr and Mrs L say the increases simply made their situation worse. These may have made the relationship unfair as they had to pay more in interest than they could afford and were unable to reduce the debt. I acknowledge Barclays still doesn't agree we can look at this complaint, but as I don't think it should be upheld, 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 Mr and Mrs L's complaint can be reasonably interpreted as being about the fairness of their 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 debtors (Mr and Mrs L), 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.

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

Given what Mr and Mrs L have complained about, I need to consider whether Barclays' decision to lend to them and increase their overdraft limit, or its later actions, created unfairness in the relationship between them 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.

Mr and Mrs L'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 Mr and Mrs L were 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 Mr and Mrs L in some other way?

It's not about Barclays assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on them. 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 overall circumstances of the borrower.

Lending decisions

I've carefully reviewed the information provided by Barclays and Mr and Mrs L which includes bank statements from April 2018 and the bank's calculations of affordability when it agreed the limits. Our investigator did likewise and went into detail for each lending decision in his letter expressing his view of the complaint. I don't propose to go into quite so much detail here as what he's said is known to all the parties and I agree with his analysis. But I will explain the reasons for my decision.

Barclays has provided details of information it received from credit reference agencies when it assessed the applications. These show no defaults or County Court Judgements (CCJ). When it assessed LI5 the credit file was showing one missed payment within six months, but the account was back up to date by the time of the application. So I don't think there was anything Barclays ought to have been concerned about on Mr and Mrs L's credit files.

When Barclays agreed each overdraft limit – so between August 2018 and September 2019 - the account received both Mr and Mrs L's income totalling around £2,500 per month. Their account shows all the regular non-discretionary expenditure I'd expect, such as household bills, other creditors, motoring expenses and normal grocery shopping. The statements also show there was a reasonable amount of discretionary expenditure too such as entertainment, pubs and restaurants as I'd expect.

Overall, while the lending decisions were being taken, the account ran well. Mr and Mrs L made use of the overdraft facility each month to varying degrees and returned to credit when their salaries were received and / or when they transferred money from other accounts. Having reviewed what Barclays knew about Mr and Mrs L at the time I think the lending decisions were fair and reasonable.

I understand and acknowledge Mr and Mrs L's comment that the increase in limit from £190 to £970 over the course of a year ought to have been a concern. But on the other hand, had they applied for a £970 overdraft in August 2018, I think it's more likely than not that Barclays would have agreed to it at that point. And I remain of the view that based on what it knew at the time, I think it's likely that I'd have found that decision to have been reasonable too.

Monitoring and forbearance

The rules relating to overdrafts that lenders must follow are set out in the Consumer Credit sourcebook (CONC). Rules particularly relevant to my consideration of this complaint are:

- CONC 1.3 which sets out various factors which may indicate a consumer is in financial difficulties.
- CONC 5.2A.28 says that “*running account credit*” (such as overdrafts) should be repayable over a “*reasonable period*” which it defines as “*the typical time required for repayment that would apply to a fixed sum unsecured personal loan*”.
- CONC 5D.2.1 places an obligation on lenders to identify customers for whom there is repeat use and where there are signs of actual or potential difficulty. The rules go on to set out interventions’ lenders should take where there are signs of financial difficulties.

Banks will typically review accounts on an annual basis. As the last increase took place in September 2019, I’ve looked at the account performance annually from there to see whether I think Barclays should have stepped in.

While Mr and Mrs L used the overdraft significantly between September 2019 and February 2020, their account moved to credit each month. However, from then on to September 2020, the account was rarely overdrawn by more than £250 or so, and then only for a few days each month.

From September 2020 to 2022, the overdraft was rarely used for more than a few days and only at low levels. Through this period, their joint income increased to over £3,000 per month.

From September 2022, use of the overdraft increased within the limit, but still comfortably returning to credit each month. Their joint income to July 2024 was around £3,500. I can see that there appears to have been a change in circumstances in July 2024 as one of the incomes received dropped that month to around £500. From September 2024 however, wages began to be received again from another source. By December 2024, joint income was back to around £3,200. As their income had dropped slightly, there was greater use made of the overdraft through 2025. Mr and Mrs L closed their account in June 2025.

So thinking about what I’ve seen, the account was generally well run. I don’t think there are signs of financial difficulties as described in CONC 1.3. I think if they had been called upon or they had wished to, Mr and Mrs L could have repaid the overdraft in a reasonable period as described in CONC 5.2A.28. It follows that I don’t think Barclays ought to have identified Mr and Mrs L as being in financial difficulties when it reviewed their overdraft limit in line with CONC 5D.

I am sorry to disappoint Mr and Mrs L, but for the reasons I’ve already given, I don’t think Barclays lent irresponsibly to them, or otherwise treated them 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

My final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr and Mrs L to accept or reject my decision before 14 May 2026.

Richard Hale
Ombudsman