

## **Complaint**

Mr M has complained about a credit limit increase Barclays Bank UK PLC (then trading as “Tesco Bank”) provided to him. He says that the credit limit increase shouldn’t have been provided as it ought to have been obvious that he was at risk from gambling harm.

## **Background**

This complaint is about a credit card that Tesco Bank provided to Mr M in April 2019. Mr M’s card history is as follows:

April 2019 – credit card provided with a limit of £14,000.00

November 2021 – limit increased to £16,000.00

One of our investigators reviewed what Mr M and Tesco Bank had told us. And she thought Tesco Bank didn’t act fairly and reasonably when increasing Mr M’s credit limit. In her view, proportionate checks would have shown that the limit increase was unaffordable for Mr M and so it shouldn’t have been provided. So she recommended that Mr M’s complaint should be partially upheld.

Tesco Bank disagreed with the investigator’s conclusions and asked for an ombudsman to look at the complaint.

## **My provisional decision of 30 March 2026**

I issued a provisional decision – on 30 March 2026 - setting out why I wasn’t intending to uphold Mr M’s complaint.

In summary, I was satisfied that Tesco Bank hadn’t unfairly offered to increase Mr M’s credit limit in November 2021 and neither had it acted unfairly in any other way either.

## **Tesco Bank’s response to my provisional decision**

Tesco Bank responded to confirm that it accepted my provisional decision and didn’t have anything further for me to consider ahead of my final decision.

## **Mr M’s response to my provisional decision**

Mr M responded disagreeing with my provisional decision. In summary, this was because:

- it was inaccurate for me to say that Tesco Bank didn’t know that he was gambling.
- he found it concerning that I had seen repayments of a significant amount above, which were over his salary, as being positive and a sign that he could afford the limit increase.
- the response was based on the assumption that his unsecured borrowing hadn’t increased. This judgment shouldn’t have been made on assumptions.
- increased borrowing was taken to repay credit before balance transfers were about to end.

- he had to clear his credit card by taking a second mortgage, in January 2025, which will take him over fifteen years to repay.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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 Mr M's complaint.

Having carefully considered everything, including the responses to my provisional decision, I'm still not upholding Mr M's complaint. I'll explain why in a little more detail.

I've started by looking at whether it was fair and reasonable for Tesco Bank to have increased Mr M's limit in November 2021.

*Did Tesco Bank act fairly and reasonably when agreeing to increase Mr M's credit limit to £16,000.00 in November 2021?*

Tesco Bank needed to make sure it didn't lend irresponsibly. In practice, what this means is Tesco Bank needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. 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 it – 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 or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Tesco Bank says it agreed to increase Mr M's credit limit after it carried out a credit search and it had reviewed his payment history in the period since the account was opened. And this indicated that Mr M would be able to make the monthly repayments that could have been required as a result of this credit limit increase. On the other hand, Mr M says that the credit limit increase shouldn't have been provided as it ought to have been obvious that he was at risk from gambling harm.

I've considered what the parties have said.

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. And this means that (when it increased Mr M's credit limit) Tesco Bank was required to understand whether a credit limit of £16,000.00 could be repaid within a reasonable period of time.

A reasonable period of time isn't defined in the rules. However, the regulator's guidance indicates that the typical term associated with repaying a fixed-sum loan of the credit limit provides a useful yardstick for determining a reasonable period of time. A typical repayment term for a loan for around £16,000.00 would be around five to seven years.

In considering whether it was fair and reasonable for Tesco Bank to have offered this limit increase, I'm mindful that in the just under two and a half year period between May 2019

(which was the month Mr M made his first payment on this credit card) and October 2021 (which was the month before Mr M was offered this limit increase), Mr M made monthly payments that totalled over £50,000.00.

Even if I were to accept that Mr M may also have had other credit commitments elsewhere during this time, I think it would be fair to say that his unsecured lending did not grow by the same amount in this time. In his response to my provisional decision, Mr M has said that this judgment was made on unreasonable assumptions that his unsecured borrowing hadn't increased. However, I'm afraid that I don't agree with Mr M when he says that this finding was based on an assumption.

I say this because, in my provisional decision, I also said that Tesco Bank had carried out a credit check on Mr M at the time that it offered the credit check to him. And this check not only showed that Mr M didn't have any significant adverse information – such as defaulted accounts or county court judgments (“CCJ”) - recorded against him. It also showed that Mr M's total unsecured debt balances – including this Tesco Bank credit card – totalled less than £7,000.00.

This was not only a low amount compared to Mr M's income it was also considerably less than the amount of the payments Mr M had made to his credit card since he had taken it out. As £7,000.00 is considerably lower than the in excess of £50,000.00 in payments made to the card, I'm satisfied that Mr M cannot have made all of these payments by taking out further unsecured lending.

Equally, as Mr M had made payments far in excess of what he was contractually obliged to, I'm not persuaded by the argument that he was forced into borrowing elsewhere, in order to meet the commitments that he had to make on this card, at least during this period. Bearing this in mind, I don't think that Tesco Bank needed to be concerned about Mr M making money transfers. This is especially as this was a feature of the card he was allowed to use and a number of these transfers were made on promotional terms.

As Mr M managed to make payments totalling over £50,000.00 in just under two and a half years, it is extremely difficult for me to say that Mr M's repayment record in itself didn't suggest that he could repay £16,000.00 within a reasonable period of time. In his response to my provisional decision, Mr M has said that he found it concerning that I viewed his repayment record as a positive indication.

However, the regulator's rules and guidance entitled Tesco Bank to rely on Mr M's repayment record on this account when deciding whether to increase his credit limit. So while Mr M may find this concerning as Tesco Bank did something that it was permitted and entitled to do, I'm not persuaded that this was unreasonable.

As I've explained a reasonable period of time for repaying £16,000.00 would typically be considered to be a five to seven years. Mr M has said that when his interest free offers expired and other unsecured lending is taken into account he didn't have the means to do this. Yet this ignores the reality that Mr M actually repaid more than three times the amount of the increased credit limit in two and a half years. And as I explained in my provisional decision, this in itself is a powerful indicator of him being able to repay the credit limit increases that Tesco Bank offered.

In reaching my conclusions, I'm aware that the investigator concluded that Mr M's credit limit shouldn't have been increased because he was gambling. This is despite the fact that she accepted that Tesco Bank did not know Mr M had been gambling at this time. Mr M has said that this is incorrect as Tesco Bank knew that he had previously used his credit card to make gambling transactions.

However, Mr M himself has said that he wasn't able to use his credit card to make gambling transactions from April 2020 onwards. Given Mr M hadn't made gambling transactions on his Tesco Bank credit card for over 18 months prior to the limit increase, I don't think that Tesco Bank had any obvious reason to suspect that Mr M was gambling around November 2021.

As I explained in my provisional decision, I'm concerned that the investigator findings effectively resulted in a conclusion that Tesco Bank needed to obtain bank statements from Mr M before agreeing to increase his credit limit. This is because it has never been the case that obtaining bank statements is mandatory as it is up to a lender to decide what checks it wishes to carry out.

In this case, Tesco Bank was providing Mr M with access to a further £2,000.00. For the reasons I've explained, Tesco Bank was reasonably entitled to conclude that in the period up to November 2021 Mr M had managed £14,000.00 well and the credit checks also showed he had no other difficulties with credit either. So while I accept Mr M will disagree, I nonetheless remain satisfied that although Mr M used his card for gambling transactions more than 18 months prior to the offer of the limit increase, there were no obvious reason for Tesco Bank to have considered that Mr M may have been gambling unsustainably when it increased his limit.

In these circumstances, while I sympathise with Mr M's gambling issues, I don't think that obtaining bank statements from him before this limit increase would have been proportionate. And Tesco Bank was reasonably entitled to rely on what it had, which for the reasons I've already explained, indicated that the limit increase was affordable for Mr M. Equally, while I sympathise with what Mr M has said about taking out a second mortgage in January 2025, I don't think that Tesco Bank could reasonably be expected to know that this would eventually happen either.

As this is the case, I'm afraid that I still disagree with Mr M and the investigator's conclusions and I'm satisfied that it was not unfair for Tesco Bank to offer Mr M a credit limit increase to £16,000.00 in November 2021. So I'm not upholding Mr M's complaint on the basis that Tesco Bank unfairly agreed to increase his credit limit.

*Mr M's arguments regarding his debt unfairly increasing as a result of Tesco Bank processing transactions which enabled him to gamble*

Mr M has said that although he's only recently realised and sought help, he's been struggling with problem gambling for a number of years. Mr M has said that the government banned the use of credit cards for gambling transactions from April 2020, yet Tesco Bank unfairly allowed him to gamble even though he was at risk from serious financial harm before this.

In the first instance, Mr M is only partially correct in terms of what happened in April 2020. In April 2020, the United Kingdom ("UK") Gambling Commission, rather than the government, banned gambling retailers (at least those who are regulated by the commission) from accepting payments made by credit cards. However, it is important to note that the Gambling Commission only had the power to bind gambling companies - not credit card providers - into this ban.

Furthermore, even if I were to reach the conclusion that Gambling Commission's rules introduced new requirements upon Tesco Bank, these provisions weren't retrospective. So the new regulations didn't require gambling companies to return funds paid using a credit card and therefore certainly did not and could not impose something similar on credit card providers. As this is the case, I don't think that Tesco Bank needs to refund any transactions

that Mr M made to gambling companies, which the gambling companies were entitled to accept, prior to April 2020.

For the sake of completeness, I've also considered whether the transactions prior to April 2020 should have been blocked on the basis that Tesco Bank ought to have realised that Mr M was experiencing harm. But Mr M was permitted to make gambling transactions at this time. So the mere fact that transactions were made wouldn't be a reason to conclude these should have been blocked. Indeed, I'm mindful that Mr M himself has said that he's only recently realised that his gambling was problematic.

Equally, I've already explained that Mr M was making large payments on his credit card and that Tesco Bank credit checks showed that this wasn't at the expense of his finances elsewhere deteriorating. I'm therefore satisfied that Tesco Bank didn't have cause to conclude that Mr M was using his credit card unsustainably, or that it ought to have blocked transactions that there is no dispute Mr M had authorised.

I now turn to the transaction that appears to have been the catalyst to Mr M's complaint. While I've said that it is gambling companies that have been banned from accepting credit card payments, in reality most credit card providers added blocks to try and stop credit cards from being used in this way from April 2020 onwards. This combined with many gambling companies refusing to accept such payments is likely to be why Mr M found it far more difficult to make gambling transactions using his credit card.

As a result of these blocks, many financial institutions – including Tesco Bank – use algorithms to monitor transactions. The institution's algorithms will seek to identify certain transactions and prevent them from being authorised and processed. These blocks rely on the institution's algorithm identifying certain Merchant Categorisation Codes ("MCCs") and preventing transactions associated with the relevant code. So in practice most, if not all, financial institutions now use algorithms to try and prevent any transactions made to a merchant using a gambling MCC.

However, because the algorithm is configured to spot transactions made to merchants using a gambling MCC, it won't identify a transaction made to a merchant using a different MCC even if that transaction does then enable the customer to gamble. For the avoidance of doubt, I should add that it is the merchant's responsibility to use the correct MCC. Indeed, a lender is likely to prefer the correct MCC to be used as gambling transactions are typically treated as cash advances and attract additional card charges.

With the above in mind, I've looked at the transaction Mr M is unhappy that Tesco Bank processed. Having done so, I can't tell that the transaction in question is obviously a transaction to a gambling company. Indeed, the company used a computer programming MCC to request these funds.

Indeed, it is only because Mr M has told us that this is a transaction he made in order to be able to gamble funds from his credit card that I have reason to even consider this possibility. In these circumstances, I think that even if a human being had manually reviewed this transaction prior to it being processed, as part of any block, would necessarily have prevented it from going through.

In any event, as I've explained, Tesco Bank used an algorithm which it was reasonably entitled to do and I don't think that the algorithm could reasonably be expected to have realised this was a transaction made to a gambling company. As this is the case, I'm not persuaded that Tesco Bank processed a transaction that it ought reasonably to have known that the merchant wasn't entitled to accept.

I note that Tesco Bank has told Mr M that it would be prepared to consider whether it should refund this transaction for other reasons, as long as Mr M provided the information that it asked for. Given the length of time that has passed, I don't know if this Tesco Bank is still prepared to consider this matter. However, Mr M should provide the requested information should Tesco Bank confirm it is prepared to consider whether a refund is appropriate.

#### *Account closure*

I now turn to Tesco Bank closing Mr M's credit card to new transactions. It might help for me to start by explaining that a financial institution is under no obligation to continue offering an account to a consumer if it doesn't wish to do so. Furthermore, each financial institution has its own criteria and risk assessment for deciding whether it wishes to offer its services and closing a customer's account is a commercial decision that a financial institution is entitled to take.

In this case, Tesco Bank closed Mr M's account to new transactions because he confirmed that he used his card with a gambling merchant. Tesco Bank has confirmed that the merchant used an incorrect MCC and it isn't prepared to take the risk of Mr M attempting to make similar transactions, with other gambling companies behaving similarly, in the future.

I'm satisfied that Tesco Bank has exercised a legitimate use of its commercial judgment in closing Mr M's account to new transactions. And I'm not in a position to tell Tesco Bank it has to continue offering Mr M an account in circumstances where it has legitimately decided it doesn't wish to do so. I appreciate that this was done at short notice, but I wouldn't expect any notice to be provided where a lender decided to close an account to new transactions because the customer was using the account in a way that it considered to be irresponsible. This is especially where Mr M has said that this account is and has been causing him harm.

Furthermore, as Tesco Bank has only closed Mr M's account to new transactions and has not defaulted it, which would have caused significant adverse consequences, I can't see that Mr M has lost out as a result of the account being closed to new transactions without notice either.

I note that Mr M is unhappy that he's lost access to his account via online banking and via Tesco Bank's mobile banking app. Tesco Bank has said that closed accounts cannot and do not appear via these methods. Furthermore, Mr M will continue to be sent paper copies of his statements and he will be able to speak to one of its customer service agents by phone if he wishes to service his account in this way.

I appreciate that Mr M may prefer to access his account electronically. However, as Tesco Bank has explained why this is not possible and it has provided reasonable alternatives to just sending statements, I don't think that it has acted unfairly in this regard either. Should Mr M think of a reasonable alternative he can contact Tesco Bank about this in the first instance.

#### *Mr M's concerns at the way Tesco Bank has handled his complaint*

Finally, I've seen that Mr M is unhappy at the way that Tesco Bank has handled his complaint. For example, I've seen that Mr M has said that Tesco Bank missed all of its target response times. In the first instance, Mr M was able to refer his complaint to our service for an independent consideration of matters irrespective of whether Tesco Bank missed its response times.

In any event and more importantly, while can appreciate why Mr M may find Tesco Bank's actions frustrating, complaint handling isn't an activity which falls within my jurisdiction.

Indeed, our ability to look at complaints that solely regard the handling of a complaint about a regulated or covered activity, was considered by the High Court in *R (Mazarona Properties Ltd) v Financial Ombudsman Service*<sup>1</sup>.

The court held that in order to be covered by our Compulsory Jurisdiction, a complaint must be about "*the provision of or failure to provide a financial service or a redress determination*". The court went further and confirmed that a complaint about the handling of a complaint isn't a complaint about the provision or failure to provide a financial service.

Ultimately, it is the regulator which monitors firms' actions in relation to the complaint handling rules and which deals with any non-compliance in this area. So while I appreciate that Mr M is unhappy at the way Tesco Bank handled his complaint, I'm afraid that this isn't a matter I can consider or award him compensation for.

In reaching my conclusions, I've also considered whether the lending relationship between Tesco Bank and Mr M might have been unfair to Mr M under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Tesco Bank irresponsibly lent to Mr M or otherwise treated him unfairly. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall, I don't think that Tesco Bank treated Mr M unfairly or unreasonably when increasing his credit limit, allowing the transactions it did, or closing it to new transactions. As this is the case, I'm not upholding this complaint. I appreciate this will be very disappointing for Mr M – particularly as he feels strongly about matters and the investigator suggested that the complaint should be partially upheld. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns – including what he's said in response to my provisional decision - have been listened to.

### **My final decision**

For the reasons I've explained above and in my provisional decision of 30 March 2026, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 May 2026.

Jeshen Narayanan  
**Ombudsman**

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<sup>1</sup> *R (Mazarona Properties Ltd) v Financial Ombudsman Service*<sup>1</sup> [2017] EWHC 1135 (Admin)