

## **complaint**

Mr B has complained that Barclays Bank UK Plc increased his credit card limit twice in 2014 without properly checking to make sure this was affordable.

## **background**

The original limit for Mr B's credit card account was £400. This increased to £800 in April 2013. Mr B tended to pay more than the minimum monthly payment each month, and paid a £400 lump sum off the card in August 2013, bringing the balance down significantly. Mr B generally used the card for leisure and inessential spending, including a number of gambling services transactions.

In November 2013, Barclays' account notes show it had decided to increase Mr B's limit to £1,200 with effect from January 2014.

In December 2013, the account balance was just under the £800 limit.

The increase went ahead as planned. Mr B then spent more on the card so his balance was nearly up to the new £1,200 limit by February 2014.

Mr B applied online for an increase to his limit in March 2014. Barclays deferred its decision until after it had spoken to Mr B - as this was only a short time after the previous increase. It then agreed to increase his limit to £2,000. Within a month of this increase, Mr B's balance was £1,843.11.

Mr B says Barclays shouldn't have given him either of the increases because he was unemployed between December 2013 and April 2014. He says Barclays' decision caused him to spiral into debt at a time when he was vulnerable. Mr B has provided us with bank statements from another bank that show he was using the overdraft on his account. The balance on that went up and down, peaking at around a £1,200 debit. But Mr B does appear to have been making payments into the account, over the relevant period, as well as out of it. Mr B's told us that some of these were cash in hand he was receiving from a part-time job that he had before he became unemployed.

After the March 2014 increase to £2,000, Mr B continued to make payments which were above the minimum monthly sums required. His bank statements indicate that he may have started a new job in April 2014. The payment collected by Barclays on 10 September 2014 was returned as unpaid and the charges applied to the account took him over his then credit limit. Mr B made a payment of £100 in mid-September 2014, bringing the account back within its limit and covering more than the minimum he was required to pay.

Mr B's November 2014 payment was also late by a day. But after this, the account was paid on time and over the next year Mr B usually paid more than the minimum monthly payment due.

In June 2016, Mr B complained to Barclays and said it had lent to him irresponsibly, causing him financial hardship. Barclays disagreed.

One of our investigators considered the complaint and felt it should be upheld. He felt Barclays shouldn't have increased Mr B's limits at all.

Barclays didn't agree and so the complaint was passed to me for a decision. Prior to this final decision, I issued a provisional decision to the parties indicating that I did not intend to uphold the complaint. Mr B responded to say that he didn't agree with my findings. Payments were made from an overdrawn bank account and he was quite understandably unhappy that his case had been with the service so long and that I'd reached a different conclusion to our investigator. Barclays didn't respond.

## **my findings**

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

I'm afraid that I will have to disappoint Mr B as my decision has not changed from my provisional findings. So I won't be upholding his complaint.

I'm very sorry that we've had this complaint for so long and that Mr B's unhappy that my decision is different to that of our investigator. When an ombudsman looks at a complaint, we do that completely afresh. Our investigator was persuaded that Mr B had been treated unfairly by Barclays. But for the reasons set out in my provisional decision, I don't think Barclays could have known that Mr B was unemployed at the time or that the additional lending would have caused him any significant difficulty. And I needed to decide this based on what Barclays would have known from the evidence available to it at the time, not as a result of subsequent information and events.

Mr B has complained about the two increases in 2014. There were subsequent increases but I haven't considered those in this decision.

The findings from my provisional decision were as follows:

*'In considering this complaint, I need to decide whether Barclays has treated Mr B fairly. In thinking about this, I've considered all relevant factors, in particular whether Barclays took adequate steps to check Mr B's creditworthiness prior to each increase. If I find that it didn't, or can't show that it did, then I'll need to go on and consider what it would've discovered if it had. And in turn whether I think that means it was reasonable for it have raised his limit.*

*January 2014*

*Barclays reviewed Mr B's account in November 2013. It's told us that its automatic internal checks showed there were no problems with payments that needed flagging at this time. Barclays also checked Mr B's credit report status and found no concerns there.*

*I've also considered Mr B's use of the account. Although he was near his account limit around the time the increase was decided on, I don't think there's sufficient evidence to say Barclays ought reasonably to have known he would struggle to manage the increase. I say this because Mr B generally paid more than the minimum monthly payment due, and a few months before had paid a lump sum of £400 off the card.*

*Mr B has said he was unemployed at the time of this increase and so it was irresponsible for Barclays to increase his limit. But there's nothing in the information Barclays could reasonably have had access to which would've highlighted this to it.*

*It is true that by February 2014 Mr B had spent almost up to his increased January limit of £1,200. But these transactions were not on essential items like household bills. Mr B has told us he was living at home with his parents at the time. There was no change in Mr B's transactional behaviour, and there wasn't any activity on the account, like household bills being paid, which may have indicated he was struggling. He also still paid more than the minimum due each month.*

*Barclays' internal notes show its decision to increase Mr B's credit limit in January 2014 was made in November 2013. The log of this event says:*

*"CLI CAMPAIGN NEW CREDIT LIMIT WILL BE 1200GBP FROM 14JAN"*

*Barclays says this note only appears on a file after a letter has been sent telling the consumer about the limit increase. There is no specific note that says "credit limit increase letter sent" or words to that effect. Barclays doesn't have a copy of the letter it says Mr B was sent. Instead, it's provided me with a template. This template explained how the proposed limit increase could be declined.*

*Mr B says he didn't receive the letter. But he's also said he didn't read letters from the bank. His statements did however detail that his limit had been increased and that he could contact Barclays if he wanted to discuss this.*

*Based on the evidence available, I think Barclays more likely than not did send the letter. But as Mr B is unlikely to have read it, I expect that's why he can't remember receiving it. So, on the basis of the evidence available, I think that Barclays did check the information that was available to it; did tell Mr B about his options to refuse the increase and didn't act unreasonably when increasing Mr B's credit limit in January 2014.*

*March 2014*

*Barclays' records show that Mr B applied on the internet for a further credit limit increase to £2,000 in March 2014. The reason he gave for needing this increase was for travel. Mr B also said to Barclays he was employed in the private sector at this time and had an annual salary of almost £23,000.*

*Mr B has said he told Barclays he was unemployed at this time. Barclays' underwriters have said that had they been told this they would not have offered the increase.*

*Although Mr B had run the account almost up to the limit he'd received two months earlier, I can't see there was anything that had changed in terms of his account use, and the way he managed the card. So there was nothing obvious which ought to have indicated to Barclays this increase wasn't affordable. The underwriters again checked credit report information and found Mr B had an acceptable score.*

*I think that in the circumstances it was right that Barclays conducted manual checks to ensure this increase would be affordable for Mr B, given its close proximity to the earlier increase. And from what I've seen, there is insufficient evidence that Barclays ought to have known this increase might've caused Mr B problems. Indeed from the bank statements that Mr B has now sent us, it does appear that in April 2014 he was shortly to have started paid employment. And the payment he received in the second month does tie in with the annual salary Barclays say Mr B told it about.*

*Looking beyond this increase, I can see it wasn't until September 2014 that Mr B missed his regular payment, but he was able to rectify this a few days later. I appreciate that some consumers in financial difficulty will prioritise their commitments differently and so looking simply at whether minimum payments were made on time isn't always sufficient in and of itself to reach a balanced outcome in a case like this. That's why I've also considered Mr B's account usage, as well as Barclays' assessment of his credit scoring.*

*Whilst a lot of the transactions on Mr B's card were with gambling services, that isn't of itself something that I think should have highlighted to Barclays that this lending was unaffordable. Some customers choose to use a particular card for a designated purpose. And Mr B's use of the card in this way wasn't necessarily unusual - given it had always been used for gambling. There was no sudden change to Mr B's behaviour that should have rung alarm bells for Barclays. Indeed given the subsequent account history after the two increases in 2014, it does appear that, after this time, Mr B had a job and the lending was then affordable.*

*So I don't think Barclays acted unreasonably in approving Mr B's March 2014 requested increase.'*

My findings haven't changed from those set out in my provisional decision and now form part of this final decision.

### **my final decision**

For the reasons given above, I don't uphold Mr B's complaint against Barclays Bank UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 October 2019.

James Kennard  
**ombudsman**