

complaint

Mr P complains that Barclays Bank UK PLC (trading as 'Barclaycard') acted irresponsibly when it increased his credit limit.

background

I sent my provisional decision to both parties on 24 December 2019. A copy of this is attached and forms part of this final decision. In it I set out the background to this complaint, and I explained why I didn't think it should be upheld. I said I didn't think Barclaycard had acted irresponsibly when it increased Mr P's credit limit. Or that it had otherwise treated him unfairly.

Barclaycard confirmed it had received my provisional decision and said that it had nothing further to add.

Mr P responded to say that he wasn't happy with my provisional decision. He still feels Barclaycard increased his credit limit without looking closely enough at his account. And says it was happy to do so as long as he was making minimum payments.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm sorry to disappoint Mr P, but I've reached the same conclusions as I did in my provisional decision.

I appreciate he feels Barclaycard should have looked at his account activity more closely. But I still think the affordability checks it carried out were sufficient. And, as I explained in my provisional decision, I don't think the activity on his account meant Barclaycard should have concluded that the credit limit increases were unaffordable for Mr P.

In my provisional decision I also said that although Mr P had used the account for gambling activity there was no suggestion he'd told Barclaycard that he had a problem with gambling before January 2018. So I didn't think it had acted irresponsibly. Mr P hasn't put forward any new arguments that persuade me otherwise.

I'm sorry to hear of the difficulties Mr P has had. But I haven't seen any evidence Barclaycard acted unfairly or unreasonably towards him here.

my final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 February 2020

Jenette Lynch
ombudsman

copy of provisional decision**complaint**

Mr P complains that Barclays Bank UK PLC (trading as 'Barclaycard') acted irresponsibly when it increased his credit limit.

background

Mr P had a Barclaycard credit card for a number of years. During this time he had a gambling addiction and most of the transactions he made using his card were with online casinos.

Barclaycard increased his credit limit a number of times. Our investigator explained that our service was only able to look at any increases made since June 2013. These increases are set out in the table below:

No.	date	existing credit limit	amount credit limit increased to
1	20 January 2014	£5,400	£6,000
2	31 May 2014	£6,000	£6,600
3	4 September 2015	£6,600	£6,750
4	23 October 2015	£6,750	£8,000
5	19 December 2016	£8,000	£12,000

Mr P feels Barclaycard acted irresponsibly when it gave him these increases. He says that it should have noticed he had problems with his finances. And he feels it took advantage of his situation. To put things right he wants it to refund the interest and charges applied on this account, with 8% statutory interest. He also wants it to remove any late payment markers from his credit file.

Barclaycard said that it couldn't do this as the interest and charges had been applied correctly. It said that it had used data from credit reference agencies and its own internal information to arrive at a suitable credit limit for Mr P. And it didn't think it had acted irresponsibly. It also explained that it had reviewed his account and felt it was generally managed well. And that there was no evidence that Mr P had contacted it before January 2018 to let it know he was experiencing financial difficulties or had problems with gambling.

Mr P wasn't happy with this response so he brought his complaint to our service. One of our investigators looked at what had happened, but didn't recommend that this complaint should be upheld. They were satisfied Barclaycard had carried out affordability checks before it increased Mr P's credit limit. And they didn't think there was any evidence Mr P had made it aware of his financial difficulties. They also noted that Barclaycard had sent him regular statements, and contacted him when payments had been missed and default notices issued.

Mr P didn't agree with this view, so the case has been passed to me to decide.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I know Mr P will be very disappointed, but overall I've reached the same conclusion as our investigator did here. I'll explain why.

Mr P's credit limit increased 5 times between June 2013 and December 2016. Mr P says that these increases were instigated by Barclaycard. And he feels it's unfairly encouraged him to take on more debt.

Barclaycard's records say that increases 1, 2 and 3 were requested by Mr P. And Barclaycard thinks its likely increase 4 was too. It's shown us the specific reasons it noted Mr P gave for requesting these increases. Increase 1 was for a holiday, 2 for electrical goods, 3 for personal computers, and 4 for 'general' purposes. So I'm persuaded it is likely these increases were requested by him.

Barclaycard agrees that increase 5 was a 'proactive increase' it made as part of a wider campaign. But I don't think this in itself means it treated Mr P unfairly or unreasonably. I can see the terms and conditions for the account explain that Barclaycard will review the credit limit from time to time. And I'm satisfied that it was entitled to increase it (though I'd expect to see it had carried out reasonable and proportionate checks to ensure Mr P could repay the money in a sustainable manner).

Barclaycard has shown us a template of a letter it says Mr P would've automatically been sent when it instigated any credit limit increases. This letter gives notice of the increase, and the option to decline it – which is in line with the UK Card Association's best practice guidance. So I'm also satisfied Mr P could have declined this increase (or any other increase instigated by Barclaycard) if he felt it was inappropriate for him.

The terms and conditions for the account also say that a customer can tell Barclaycard not to increase their credit limit in the future. Or ask for it to be reduced. Barclaycard has shown us evidence Mr P asked for some small credit limit decreases back in 2013, and that it made these adjustments for him. But I haven't seen any evidence to suggest he made similar requests after any of the increases I've looked at here as part of this complaint.

The Financial Conduct Authority Consumer Credit Sourcebook states that a business is required to carry out an assessment of a consumer's creditworthiness before significantly increasing a credit limit (CONC 5.2). It also sets out the type of information the business should take into account when doing this.

Barclaycard says it carried out appropriate checks before each credit limit increase. It's explained it considered its own internal data, Mr P's income level, and information from credit reference agencies. It's shown us evidence of these checks. And that it found Mr P met its usual lending criteria when these increases were approved.

Mr P feels the way he was managing his account showed that he was struggling. So I've looked closely at his statements. However I can't see that there were any obvious signs Barclaycard shouldn't have approved these increases.

Most months Mr P was making more than the minimum payment required. I can see three late payments during this period. But in each case Mr P resolved the issue quickly and brought the account up to date the following month. He did incur some over limit charges. But I don't think this should've necessarily indicated to Barclaycard that he was struggling financially. His requests for increases suggested that the existing credit limit was too low for his needs.

Mr P has provided us with a copy his credit report so I've been able to get a clearer picture of his overall financial situation at the time of these increases. I can see he did have other credit cards and loans. And he took out a number of new short-term loans during this period. But Barclaycard's checks looked at his overall level of indebtedness and found this met its lending criteria. I haven't seen any evidence to suggest it would have been specifically aware of his use of short-term loans. So again I don't think it ought reasonably to have considered, from the information it had, that Mr P might be struggling.

I can see Mr P was able to maintain the required payments to his account until November 2017 - almost a year after the final credit limit increase was given. I can't see any defaults or late payments on his credit file prior to this point. So there is no evidence to suggest he was struggling to maintain any other financial commitments before this time. I appreciate he has subsequently experienced difficulties, and I'm sorry to hear this. But I don't think it would be fair for me to say Barclaycard should been considered these credit limit increases were unaffordable at the time they were given.

Mr P's told us he asked Barclaycard, on a number of occasions, to reduce the interest rate on his account. Barclaycard's confirmed it agreed a 6% reduction in interest rates in February 2015. But there is no suggestion in its contact notes that Mr P said he was making this request because he was in financial difficulties. Or that he contacted it again to query interest rates or to let it know he was struggling before January 2018.

When Mr P did tell Barclaycard he was having difficulties it froze interest and charges for 30 days. It then accepted a repayment plan put forward on Mr P's behalf by StepChange. I think this was reasonable in the circumstances.

I'm sorry to hear Mr P has had difficulties with gambling. And I've thought about whether it was irresponsible for Barclaycard to have extended these credit limit increases to him on this basis. I can see Mr P used his credit card primarily for gambling transactions. But it's not for Barclaycard to tell consumers how they should (or shouldn't) spend their money. Many people choose to spend money on gambling, and they're entitled to do so. I haven't seen any evidence to suggest Mr P had made Barclaycard aware he had a gambling problem. So whilst I do sympathise with him, I don't think it would be fair for me to say that Barclaycard shouldn't have lent to him on this basis.

I understand Mr P's upset Barclaycard has since passed his account to a third party. But the terms and conditions of the account state that *"We may transfer to any other person any or all of our rights and duties under this agreement at any time (including, without limitation, our duty to lend to you)."* So I'm satisfied this is something Barclaycard was entitled to do.

I know Mr P will be disappointed by my findings. But I haven't been persuaded that Barclaycard lent irresponsibly when it approved these credit limit increases. I also haven't seen any evidence to suggest the interest or charges have been calculated incorrectly or that Barclaycard has acted unfairly when it's contacted Mr P about his account. So I'm afraid I'm not going to ask it to take any further action to resolve this complaint.

my provisional decision

My provisional decision is that I do not uphold this complaint for the reasons I've outlined above.

Jenette Lynch
ombudsman