

complaint

Miss A complains that Barclays Bank PLC wrongly increased the limit on her credit card several times, although that was irresponsible and unaffordable for her.

background

Miss A opened her credit card account in 2014, with a limit of £800. The limit increased to £1,200 about six months later. Then in 2016 it was increased to £2,500 and later that year it increased to £2,900. Miss A closed the account in 2017 and paid off the debt.

Miss A says that Barclays should have realised she could not repay the balance within a reasonable length of time as she was paying the minimum amount for a long time and using a lot of her credit limit. The limit had been increased without checks. She had to take payday loans to make repayments and Barclays should also have realised that she was in difficulty because there were regular payments to gambling websites.

Our adjudicator recommended that the complaint was not upheld. She said that she was satisfied that the bank had done thorough assessments to grant the increased limits. She said that Miss A had contacted the bank and asked for the last of the increases in her credit limit. Miss A disagreed. She said that she had made the minimum payments monthly and any further credits had been received from gambling websites. Although there had not been any defaults on her credit file, that didn't necessarily mean she could afford the payments and she had borrowed using payday loans.

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 have looked carefully at Miss A's credit card statements and the credit report which she provided, as well as information from Barclays. I can't see anything in her credit record which should have led Barclays to doubt whether it was responsible to lend to her initially or increase her limit in 2014. She did have some late payments in 2010 and 2012 on one mail order account, but that was never more than two months behind and she was never issued with a default notice on that or any other account. The account had been settled in full in 2013. A small amount of short term lending had been repaid on time. And the general picture was of someone without financial problems and who managed their borrowing quite well.

I can see from the credit card statements that Miss A's borrowing on the card did tend to move up towards her credit limit each time it increased, but that generally happened only gradually. And she was obviously monitoring her account carefully, nearly always making at least minimum payments (usually very slightly more and sometimes significantly more) and generally keeping within her credit limit. There were some months when many of the transactions on the card were to gambling sites. But there were also months when there were no such payments were apparent or only one or two for comparatively small amounts. Some of those were when Miss A was close to her credit limit (so couldn't have spent more) – but some such months were just after her limit had increased when she could have. I haven't seen anything to show that Miss A told the bank she had a problem with gambling. While some people have serious financial problems from gambling they can't control, others manage to gamble without any such problems. So the presence of payments to and from

gambling sites doesn't necessarily mean that someone has a problem, or that credit shouldn't be given or increased. The lender has to look at the overall picture.

And the overall picture from Miss A's credit record, even in 2016 when her limit was twice increased further, was still quite a positive one. By then she had taken a couple of bank loans but had paid those on time and settled the accounts. She had taken some payday loans but had settled those back in 2015. She had taken another credit card but was up to date with payments on that. Taking that picture alongside how she managed the credit card account itself, again I can't see anything to show that it would be irresponsible for Barclays to increase the credit limit on her account. Each time her credit limit was increased the statement invited her to contact customer services if she wished to discuss it. And as the adjudicator mentioned to Miss A, Barclays's records contain an indication (just a code letter) which it says shows that the final increase was implemented following a call with Miss A.

So altogether, I don't think there is evidence to show that Barclays was irresponsible in its lending to Miss A, or failed to take into account its affordability.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 17 September 2018.

Hilary Bainbridge
ombudsman