

## **complaint**

Mr R, who has a representative, complains that Barclays Bank UK Plc (Barclays) acted irresponsibly by increasing his credit card limit, and allowing him to use this for gambling.

## **background**

Mr R has a Barclaycard credit card, which he got in 2011, with a credit limit of £2,000. This limit increased over time to £11,000 in January 2018. Mr R used the card regularly, making regular repayments often in excess of the minimum amount.

He used the card at various times to gamble between October 2015 and March 2018. Shortly after this Mr R was remanded in custody, and the card wasn't used anymore. Repayments to the account also stopped.

Mr R complained to Barclays, saying it had acted irresponsibly by giving him credit, increasing his limit, and allowing him to use this credit for gambling.

Barclays didn't uphold the complaint. They said Mr R used his account well, and credit increases were only given after looking at his account history and credit reference data. Barclays said a cardholder could use an account as they wished, and they wouldn't stop or limit gambling transactions unless a cardholder asked them to. Barclays also refused a reduced settlement offer, provided by Mr R's family. Barclays did refund some interest, and paid Mr R's representative £100 compensation for a communication error. Mr R wasn't happy with the response, and brought the complaint to us.

One of our investigators looked at the complaint, but agreed Barclays hadn't done anything wrong. They hadn't acted irresponsibly when lending to Mr R, or when they increased his credit limit. There were no signs of financial difficulty in how he managed the account. He also said we can't tell Barclays whether to accept a settlement offer. Unhappy with this, Mr R asked an ombudsman to review the complaint.

## **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 sympathy for Mr R's representatives and can see the lengths they've gone to in trying to sort out Mr R's affairs. However, I agree with our investigator. I'll explain why.

Mr R got the card in 2011, but the first significant gambling activity wasn't until January 2016. The credit limit had increased to £7,000 by this time. During the period of Mr R's gambling, Barclays increased his limit two more times. In February 2016, from £7,000 to £8,000, and in January 2018, increasing the limit to £11,000.

I want to begin by first exploring what Barclays should have done when they applied each of these credit limit increases, and then what they did do. In doing this, I'm guided by Financial Conduct Authority (FCA) rules, and Industry – the UK Cards Association - best practice.

Barclays were required to abide by certain rules when assessing if Mr R should have been offered a credit limit increase. These required Barclays to undertake certain tasks, including a 'creditworthiness' assessment - considering how any increase may potentially affect Mr R's financial situation. Barclays needed to take account of information within its possession

about the way Mr R had managed his account, his ability to meet his monthly repayments, plus information from a credit reference agency. It also had to undertake one further check, from a list of three – reviewing Mr R's income and expenditure, how he'd handled his finances in the past, or a review of results of their internal credit scoring techniques.

These rules also guide Barclays to specific situations where an increase should not be provided. These include instances of account arrears, exceeding the credit limit or where the customer is thought to be at risk of financial difficulties. This is defined as including changes in repayment behaviour or paying the minimum payment over an extended period where the balances have been relatively high. Barclays were also required to write to Mr R before applying the limit increase, making it clear he could refuse it if he wished. And Barclays have confirmed that if account behaviour changed, in the period between the limit being offered and applied, it would consider withdrawing the offer of the limit increase.

Bearing this in mind, I now want to look at what happened at around the time Barclays applied the final two credit-limit increases to Mr R's account. I'm focussing on these because, having reviewed Mr R's statements, it's clear there'd been minimal gambling activity prior to any of the earlier increases, and the account appears well-maintained.

#### February 2016 – credit limit increase from £7,000 to £8,000

Barclays increased Mr R's limit towards the end of February 2016. I've looked at Mr R's account activity in the period before this. I can see Mr R used the card for a few gambling transactions in October 2015. The account balance by the beginning of January 2016 was just over £3,200. Mr R then gambled just over £3,000 in a five-day period in early January, with winnings (money paid back onto his account) of £1,000. There was then no gambling activity on the card for five weeks – although other small purchases and a repayment were made. When the limit was increased to £8,000, at the end of February, these transactions had increased the balance to about £5,200. Whilst further gambling transactions were then made after the increase was applied, for now I need to focus on what Barclays did *before* the limit was increased.

As I've mentioned above, before applying an automatic limit increase Barclays were required to perform certain tests. I've now seen evidence of these. Having reviewed this information, I'm satisfied Barclays did undertake these tests. Internal checks were made, including how the account was managed, the spending activity, and how much of the credit limit was being used. Barclays have advised they also looked at external information, from credit reference agencies showing the level of Mr R's other borrowing. I've seen how Barclays assessed this.

And having looked at Mr R's statements, I can see he'd stayed well within his credit limit in the year before the increase, and made monthly repayments averaging nearly 15% of the balance during the previous seven months (this ignores the £1,000 gambling credit I've mentioned above). So taken together, I can't say Barclays acted irresponsibly by basing their decision to increase Mr R's credit limit to £8,000 on this information.

#### January 2018 – credit limit increase from £8,000 to £11,000

I've also looked at Mr R's account behaviour in the period between the above two increases. Mr R started to gamble again immediately after his limit was increased in February 2016. In the month after that increase, he made gambling transactions totalling just over £7,800, with credits back on to the account totalling just over £5,500 (£1,500 identifiable from a gambling organisation). By the beginning of March 2016, the card had reached its £8,000 limit.

The card was then rarely used, with minimum payments being made for just over a year. This reduced the balance to just under £7,800. Then, over the next seven months, until December 2017, larger credits were made bringing the card balance down to just over £5,600. There'd been no gambling transactions on this account for 20 months by this time.

It's against this behaviour I need to consider Barclays' decision to increase Mr R's limit to £11,000 in January 2018. Echoing my above comments, I've seen evidence of the checks Barclays made before applying this increase, which mirrored those I've mentioned above. These didn't identify Mr R as a customer who shouldn't be offered an increase.

I'm conscious Barclays would have been aware of Mr R's previous gambling spend patterns - but there'd been no such activity on this card for nearly two years before this increase was applied. And whilst Mr R had clearly been paying the minimum payments for an extended period on a high balance – so a sign Mr R may be experiencing financial difficulties and so should not be offered an increase – his repayments increased to an average of 7% of the balance in the seven months before the £11,000 increase.

Taken together, I again can't say Barclays acted irresponsibly by increasing Mr R's credit limit to £11,000 based on this available information. I can see Mr R started using the card for gambling transactions two weeks after this increase, increasing the balance from about £5,800 to over £10,000 in a seven-week period. But there was nothing in the way Mr R had managed his account in the period *before* this increase to suggest he would then use the account in the way he did.

And, Barclays have said they could have taken steps to limit certain access if Mr R told them he had gambling addiction problems. But he hadn't told them, and it'd been nearly two years since his last gambling transactions. I can't say Barclays should have foreseen Mr R would gamble again, and so can't criticise their decision to increase the limit in 2018 when they did.

### **my final decision**

For the reasons I've given, 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 R to accept or reject my decision before 18 March 2020

Mark Evans  
**ombudsman**