

## **Complaint**

Ms H has complained about a credit card Bank of Scotland PLC (trading as “Halifax”) provided to her. She says the limit on the credit card was irresponsibly increased.

## **Background**

Halifax provided Ms H with a credit card with an initial limit of £1,000.00 in May 2015. Ms H’s credit limit was decreased to £950 in March 2018 before then being increased to £1,700.00 in April 2022.

Ms H has only asked us to look into a complaint about her credit limit being increased to £1,700.00 in April 2022.

One of our investigators reviewed what Ms H and Halifax had told us. And he thought Halifax hadn’t done anything wrong or treated when increasing Ms H’s credit limit. So he didn’t recommend that Ms H’s complaint be upheld.

Ms H disagreed and asked for an ombudsman to look at 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.

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 Ms H’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Ms H’s complaint. I’d like to explain why in a little more detail.

Halifax needed to make sure it didn’t lend irresponsibly. In practice, what this means is Halifax needed to carry out proportionate checks to be able to understand whether Ms H 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.

Halifax says it agreed to increase Ms H’s credit limit after it carried out a credit search and overlaid the information it had about her income. In Halifax’s view, the information it obtained indicated that Ms H would be able to make the monthly repayments due for this credit card.

Furthermore, Ms H's account being relatively well managed at the time since the limit decrease since March 2018, was also a factor in her being offered a credit limit increase to £1,700.00 in April 2022.

On the other hand, Ms H says that her credit limit shouldn't have been increased.

I've considered what the parties have said.

What's important to note is that Ms H was provided with a revolving credit facility rather than a loan. And this means that Halifax was required to understand whether a credit limit of £1,700.00 could be repaid within a reasonable period of time, rather than all in one go. A credit limit of £1700.00 wasn't insignificant but it didn't require huge monthly payments in order to clear the full amount owed within a reasonable period of time.

Halifax's credit check did indicate that Ms H had had previous difficulties with credit in the form of a county court judgement ("CCJ"). But it's fair to say that this was historic and was being well managed given that it had been reduced to an outstanding balance of £8 since it was obtained. And Ms H says she didn't have much in the way of active debts or commitments at the time of application either.

The information Halifax relied on suggests that Ms H had total debts of around £2,000.00. Given the amount of the likely increased monthly payments, Ms H's existing debts and the total amount of funds she's likely to have been in receipt of, I don't think that Halifax needed to do more here. And its checks before increasing Ms H's credit limit appear to have been reasonable and proportionate.

For the sake of completeness, even if I were to agree that more needed to be done, at the absolute most it could be argued that Halifax needed to obtain more on Ms H's actual living costs, rather than rely on an estimate of this at the time of the limit increase. But I don't think that Halifax would have made a different decision even if it had asked Ms H for more information.

I say this because I've not seen anything that clearly shows me that when Ms H's committed non-discretionary regular living expenses and existing credit commitments were deducted from what she received, she did not have the funds to make a sustainable repayment for this credit card limit increase.

For example, Ms H has confirmed that the CCJ related to a historic utility bill but she's been able to settle it. So, in these circumstances, it's difficult for me to conclude that Halifax wouldn't have lent even if it had tried to find out more about her circumstances at this time.

I'm sorry to hear that Ms H has gone through a difficult time. But it wouldn't be fair and reasonable for me to use hindsight here, or say that Halifax should have known this would be the case. This is especially as the available information indicates proportionate checks were carried out and even if more had been done this would not have prevented Halifax from offering this limit increase.

So overall while I can understand Ms H's sentiments, I don't think that Halifax treated Ms H unfairly or unreasonably when increasing her credit limit. And I'm not upholding Ms H's complaint. I appreciate this will be very disappointing for Ms H. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Ms H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 28 December 2023.

Jeshen Narayanan  
**Ombudsman**