

The complaint

Miss H complains that Barclays Bank UK PLC, trading as Barclaycard ('Barclaycard'), irresponsibly granted her a credit card she couldn't afford to repay.

What happened

In May 2015 Miss H entered into an agreement with Barclaycard to have access to credit by way of a credit card account. She was given an opening credit limit of £3,000. There then followed three credit limit increases: in May 2016 to £6,000, in March 2017 to £10,000 and then in July 2018 to £12,550. I've also seen there was a slight decrease in September 2017.

Miss H says that Barclaycard didn't complete adequate affordability checks when it opened her credit card account and went on to grant her credit limit increases.

Barclaycard didn't agree. It said that it carried out a reasonable and proportionate assessment to check Miss H's financial circumstances before granting her the card account.

Our adjudicator didn't recommend the complaint be upheld. He said that Barclaycard didn't act unfairly by giving Miss H the opening credit limit and subsequent credit limit increases.

As Miss H didn't agree the complaint has been passed to me for a final decision.

What I've decided – and why

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

Barclaycard will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Account opening

Before opening the account, I've seen that Barclaycard relied on the information Miss H set out in her application. Miss H said she was earning a gross annual income of around £36,500. Barclaycard also carried out a credit check. I've also seen that at the time Miss H was living at home so didn't have a mortgage, although she was likely contributing towards her housing costs. She owed around £300 on a credit card. She was also operating two catalogue accounts and was repaying a £12,000 personal loan she'd recently taken out. Miss H appeared generally to be managing her finances well, at least to the extent that there were no defaults or other adverse markings on her credit file.

I think that, given the level of opening credit Barclaycard was offering Miss H, it would have been proportionate for it to have found out more about her committed expenditure, such as

her regular living costs. I can't be sure exactly what Barclaycard would have found out if it had asked. In the absence of anything else, I think it would be reasonable to place significant weight on the information contained in Miss H's bank statements as to what would most likely have been disclosed.

I've reviewed three months of bank statements leading up to the lending decision. Having done so, I broadly agree with our adjudicator that the statements show Miss H was receiving a more or less steady monthly income at this time of around £2,000. Miss H has told us she was an independent contractor and I do realise that means her income wasn't necessarily guaranteed, but it was nevertheless at a relatively consistent level each month. I've also kept in mind that Miss H was making occasional use of but not exceeding her bank account overdraft. Taking into account her daily spending and regular bills, including credit repayments, Miss H was having to find around £1,100 each month, leaving her with enough disposable income to be able to afford the card repayments. That means it's likely that, had Barclaycard completed proportionate checks, it would have discovered this too. It therefore didn't act unfairly by granting the opening credit limit.

Credit limit increases

I think for each of the credit limit increases it would also have been proportionate for Barclaycard to have verified Miss H's financial circumstances in some way. In the absence of anything else, I've relied on the bank statements that Miss H kindly obtained for the lead up to each lending decision. I think for each of the increases this gives a good indication of what Barclaycard would likely have discovered if it had tried to verify Miss H's expenditure in some way.

At the time of the first credit limit increase, Miss H's income had increased but so had her household costs as she was paying around £700 each month towards housing expenses. Her credit commitments had also gone up. So, whilst Miss H was now having to find around £2,200 each month she would still have at least £500 in disposable income.

By the time of the second and third credit limit increases, in March 2017 and July 2018, I've seen that Miss H was earning around the same level of income for the first increase but it had increased marginally by the time of the next increase. I also note there had been a reduction in what she was spending on daily essentials, such as food, at the time of the July 2018 increase. On the other hand the amount of credit she owed had increased by around £400. Overall, the information shows that Miss H would have been left with around £900-£1,000 each month in disposable income. So it's likely the card repayments would be affordable.

Taking all of this into consideration, I think it's likely that had Barclaycard completed proportionate checks at the point of each credit limit increase, it would have discovered the same financial circumstances. It follows that I therefore don't think it acted unfairly by increasing Miss H's credit limit on each occasion.

Did Barclaycard act unfairly or unreasonably in some other way?

I've seen that Miss H is unhappy with the way Barclaycard responded after she was in contact with them in April 2022. She has told us about her difficult personal situation which our adjudicator has described in some detail in his initial finding. I've reviewed all the evidence and information Barclaycard has provided about what it did to help her. I am very sorry to learn of the difficult circumstances Miss H was having to deal with on a daily basis. I also recognise the practical difficulties this raised in relation to Miss H's ability to contact Barclaycard. But I've also kept in mind that when Barclays was taking steps to assist her it needed to follow its own security process. I've also seen that Miss H didn't send in some

further information it asked for as well as details of her income and expenditure. This may well have enabled Barclaycard to help her further. Although I realise it was far from easy for her to deal with Barclaycard because of her personal situation, from what I've seen I'm not able to make a finding that Barclaycard acted unfairly or unreasonably.

Finally, given that I assume Miss H's financial difficulties with her card are likely to be continuing, I would urge Barclaycard to apply all appropriate forbearance and assistance to Miss H to help her meet her repayments and if possible to agree an affordable repayment plan.

My final decision

For the reasons set out above, I'm not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 18 August 2023.

Michael Goldberg
Ombudsman