

The complaint

Ms Y complains that Barclays Bank UK PLC, trading as Barclaycard, irresponsibly provided her with a credit card account and credit limit increases (CLIs) that she couldn't afford.

What happened

In March 2013, Ms Y applied for, and obtained, a Barclaycard account. The credit limit was set at £400 and increases to the credit limit were applied in December 2015, August 2016 and April 2017.

In 2022, Ms Y complained to Barclays that it had lent to her irresponsibly, causing her financial difficulty and poor mental health.

Barclays didn't uphold the complaint. It said it had carried out appropriate checks which showed Ms Y could afford the credit it had provided her with.

Unhappy with Barclays's response, Ms Y complained to this service. Our investigator didn't recommend that Ms Y's complaint should be upheld. They believed, in essence, that Barclays should have carried out more checks regarding the second and third CLIs but that, ultimately, none of the lending decisions it had made on the account were unfair.

Ms Y didn't agree with the investigator's findings. She mentioned she had a career development loan with Barclays before the start of the credit card account. Ms Y also sent bank statements showing her current account was in overdraft prior to, and around the time of, the account opening and first CLI. As such, the complaint was passed to me to review afresh.

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.

Having done so, I don't uphold this complaint. I'll explain why.

Barclays was required to complete proportionate affordability checks prior to advancing credit to Ms Y. What's considered proportionate will vary in each case as it is unique to each lending decision. In deciding how thorough a check should be, Barclays needed to consider things such as (but not limited to) the amount of credit being advanced, the type of credit, the size and frequency of the repayments, the cost of the borrowing and Ms Y's personal circumstances.

I can see that Barclays did obtain some information about Ms Y's financial circumstances at the start of the account in 2013 and regarding the first CLI to £900 in 2015. The checks carried out by the credit reference agencies (CRAs) presumably included the loan Ms Y's referred to as they included other borrowing and showed no signs of adverse information on her credit file. And, by the time of the first CLI, Barclays had gathered almost three years' of

data on how Ms Y had been managing her existing account up to that point. The signs were that Ms Y was coping financially, including with her existing levels of credit.

I've seen the copy current account statements Ms Y's sent in more recently for 2013 and the period September 2015 to January 2016 – that is, predominantly the period at the start of the credit card account and the first CLI. But, given the nature of the credit Barclays had offered at that time and the information it had already gathered, I don't think it should have requested sight of those statements or similar.

Taking all of this into account, I don't think it was unfair of Barclays to have lent to Ms Y in 2013 and 2015.

Regarding the second and third CLIs, the requirements for Barclays to carry out proportionate checks were essentially the same as for the previous lending decisions. One difference in 2016 and 2017 was that the amount of credit being afforded to Ms Y was becoming a fair amount larger at £1,300 and £2,000 respectively.

The credit checks Barclays undertook on these occasions also highlighted that the level of credit Ms Y held with third-parties had increased to between £10,000 and £15,000. Repaying these debts might have taken up a comparatively high proportion of her income. Despite that, Barclays didn't investigate further before applying the CLIs. In contrast to what I've said about the start of the account and the first CLI, I think it would have been reasonable for Barclays to have done further checks.

I've gone on to think about what Barclays might have discovered had it probed further regarding Ms Y's finances in 2016 and 2017. I appreciate Ms Y providing us with copies of her bank statements to give some insight here. On reviewing these statements, I can't see any strong indication that she was struggling with her finances. She was paying for her existing credit using a regular and steady monthly income which was more than enough to meet those commitments. Ms Y was no longer in regular use of the overdraft facility that she'd been using previously. Bearing in mind the levels of additional credit Barclays was offering Ms Y in 2016 and 2017, there's little to suggest she didn't have the capacity to continue to manage.

So, I don't think it was unfair of Barclays to have lent to Ms Y in 2016 and 2017 either.

I'm sorry that Ms Y's suffered poor mental health. I realise she largely blames Barclays for this and says her medical conditions affected her spending habits. But I can't see that Ms Y made Barclays aware of the difficulties she was facing, or that it ought to have been aware, such that it could have treated Ms Y more sympathetically as a result. So, I don't consider that Barclays has acted unfairly or unreasonably in this respect.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 19 December 2023.

Nimish Patel
Ombudsman