

The complaint

Mr I complains that Barclays Bank UK PLC trading as Barclaycard lent irresponsibly when it approved his credit card application and went on to increase the credit limit.

What happened

In March 2020 Mr I applied for a credit card with Barclaycard. In his application, Mr I said he was employed with an income of £28,000. Barclaycard carried out a credit search and found Mr I had unsecured credit, including a hire purchase agreement and credit cards. Barclaycard applied its lending criteria to Mr I's application and used regular outgoings of £649 a month. Barclaycard says it found Mr I had sufficient disposable income to maintain a credit card and approved an initial credit limit of £50. Around three weeks later, the credit limit was increased to £400.

Mr I used the credit card, incurring some missed payments over time. The balance was repaid in January 2023.

Earlier this year, representatives acting on Mr I's behalf complained that Barclaycard had lent irresponsibly. Barclaycard issued a final response and explained it had applied its lending criteria to Mr I's application before approving it and didn't agree it had lent irresponsibly. Barclaycard didn't uphold Mr I's complaint.

An investigator at this service looked at Mr I's case. They thought Barclaycard had carried out reasonable and proportionate checks during the application and wasn't persuaded it had lent irresponsibly so didn't uphold Mr I's complaint. Mr I's representatives asked to appeal, so his complaint has been passed to me to make a 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website. I've had this approach in mind when considering Mr I's complaint.

Before agreeing to lend, Barclaycard needed to complete reasonable and proportionate checks to ensure that Mr I could afford to repay what was being lent. These checks needed to be borrower focussed and could take into account things such as the amount of credit, the total sum repayable and the consumers financial circumstances. There's no set list of checks a lender has to do. But lenders are required to have regard to the factors I've mentioned above when deciding what's reasonable and proportionate.

In the application, Mr I said he was employed with an income of £28,000 a year. Barclaycard carried out a credit search to get a picture of what Mr I owed and how much his repayments cost each month. Barclaycard has forwarded its application data and I can see it used a reasonable outgoings figure of £649 a month for his living costs, in addition to the credit card

and hire purchase debt it found in his name. Barclays calculated Mr I had around £900 a month as disposable income once his regular outgoings were factored in.

I note the application was initially approved with a credit limit of £50 but it was quickly increased to £400. I think the level and nature of checks Barclaycard completed were proportionate to the credit limit it went on to approve. I haven't been persuaded it was unreasonable for Barclaycard to proceed with Mr I's application without requesting further evidence, like bank statements or evidence of his income. I'm sorry to disappoint Mr I but I haven't been persuaded that Barclaycard lent irresponsibly in this case.

As I haven't found evidence to support that Barclaycard lent irresponsibly, I'm not upholding Mr I's complaint.

My final decision

My decision is that I don't uphold Mr I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 21 December 2023.

Marco Manente
Ombudsman