

The complaint

Mr C is unhappy that Barclays Bank UK PLC, trading as Barclaycard, provided him with a credit account with a credit limit of £200, which mean he couldn't avail of a promotional offer which required him to spend £3,000 on the account in the first three months.

What happened

Mr C applied for a Barclays credit account because he wanted to take advantage of a promotional offer on the account. However, while Barclays did approve Mr M's credit application, they only provided Mr C with a credit limit of £200, which meant Mr M wasn't able to meet the criteria required by the promotional offer, one of which was that Mr M needed to spend £3,000 on the credit account in the first three months.

Mr C asked Barclays to increase his credit limit, and Barclays asked Mr C to provide income verification ("IV") documents via an online portal for them to consider doing so. Mr C uploaded his IV documents to the portal, but Barclays told him that they hadn't received any documents and so declined to increase his credit limit. Mr C wasn't happy about this, or that Barclays wouldn't remove the credit search he'd incurred on his credit file through opening the credit account. So, he closed his account and raised a complaint.

Barclays responded to Mr C and confirmed they hadn't received the IV documents and so didn't feel they'd done anything wrong by not increasing the credit limit on the account. But Barclays did accept that it hadn't been explained to Mr C that he might not be given an initial credit limit sufficient to avail of the promotional offer, and they paid £50 compensation for the inconvenience Mr C incurred because of this. Barclays also paid a further £25 to Mr C because one of the calls he made to them had been ended prematurely. Mr C wasn't satisfied with Barclays' response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Barclays had acted unfairly in how they'd managed what had happened. Mr C remained dissatisfied, so the matter was escalated to an ombudsman 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. This means that it isn't within my remit here to declare that Barclays have acted in a non-regulatory or unlawful way.

Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the circumstances and factors of a complaint into consideration.

Like all credit providers, Barclays have an obligation to ensure that they're not knowingly providing more credit to a consumer than that consumer can reasonably afford to repay.

Barclays have explained that when they assessed Mr C's credit account application, they weren't able to verify Mr C's income through the information they received from the credit reference agencies during the application credit check. And so, to mitigate against providing an unaffordable level of credit to Mr C, Barclays initially only gave Mr C a credit limit of £200 which could be reviewed upon receipt of IV documents from Mr C. This seems reasonable to me, and I don't feel Barclays acted unfairly by providing Mr C with the initial credit limit of £200, pending the receipt of IV documents, as they did.

Mr C has explained that he did provide IV documents to Barclays via the online portal he was instructed to use. But Barclays maintain that they didn't receive any IV documents from Mr C, and so weren't able to consider increasing his credit limit.

I have no reason to doubt either party here, but if Mr C did send the documents as he maintains, it seems clear from Barclays' system notes that they were never received by them. Indeed, I note that Barclays requested IV documents from Mr C on 18 November 2022, the day the account was opened, and several more times over the next few weeks.

Given that Barclays didn't receive the IV documents they required – regardless of the reason why this was the case – I'm satisfied that it was fair for Barclays to have declined to increase the credit limit as Mr C was wanting. I'm aware that Mr C has explained that one Barclays staff member he spoke with said they could see that Mr C had uploaded the IV documents, but nothing in the information I've seen – which includes the system account notes – corroborates Mr C in this regard, but instead indicates that no IV documents were received.

Mr C also feels that Barclays shouldn't have approved his application if they weren't willing to provide him with a credit limit sufficient to avail of the promotional offer on the credit account. But I haven't seen anything to suggest that Barclays wouldn't have been willing to provide a higher credit limit to Mr C if they'd received IV documents from him that merited the provision of a higher credit limit.

I can appreciate why Mr C would have been unhappy with what happened here, and I'm unsure why he wasn't able to provide his IV documents to Barclays. But Barclays have confirmed that they reimbursed the monthly account charge to Mr C when he chose to close the account, and so I'm satisfied that Mr C hasn't incurred any financial detriment through having the account for the short period that he did.

I'm aware that Mr C would like Barclays to remove the credit search from his credit file which they performed on him as part of the account application process. But I don't feel that Barclays have done anything wrong here, and Mr C did apply for a credit account with them, and so I'm satisfied that the credit search is a fair and accurate report of what happened.

Finally, I also feel the payments of £50 and £25 that Barclays made to Mr C for not clearly explaining to him that he might not be given a credit limit sufficient to avail of the promotional offer and for the abrupt termination of one of the phone calls respectively are fair payments for those specific matters, and I can confirm that they're commensurate with what I may have instructed Barclays to have paid, had they not already done so.

All of which means that, while I feel that it was unfortunate that Mr C couldn't provide the IV documents to Barclays to enable them to consider increasing his credit limit beyond £200, I'm not convinced that this was because of any mistake or error made by Barclays and so I don't feel that it was unfair. And it follows from this that I won't be upholding this complaint or instructing Barclays to take any further action here.

I realise this might not be the outcome Mr C was wanting, but I hope he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 July 2023.

Paul Cooper
Ombudsman