

The complaint

Mrs G complains that Barclays Bank UK PLC trading as Barclaycard lent irresponsibly when it approved her credit card and later increased the credit limit.

What happened

Mrs G applied for a credit card with Barclays in April 2011. Barclays approved the application and gave Mrs G a credit card with a limit of £1500. In April 2013 the credit limit was increased to £3000, in November 2014 the credit limit was increased to £6000, in June 2015 the credit limit was increased to £10,000, in January 2016 the credit limit was increased to £11,500, in October 2016 the credit limit was increased to £13,000 and in May 2017 the credit limit was increased to £16,000.

Mrs G complained that Barclays had lent irresponsibly. Barclays didn't agree. Mrs G remained unhappy and brought her complaint to this service.

An ombudsman issued a jurisdiction decision and said that this service could consider the original lending decision and the subsequent credit limit increases.

Our investigator looked into the original lending decision and the credit limit increases and said he didn't think Barclays had lent irresponsibly.

Mrs G didn't agree so I've been asked to review the complaint.

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 unaffordable and irresponsible lending, including the relevant rules, guidance and good industry practice on our website. I've had this approach in mind when considering Mrs G's complaint.

Having done so, I've reached the same conclusion as the investigator. I don't think Barclays lent irresponsibly. I'll explain why I've reached this decision.

Barclays needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice, this means that it should've carried out reasonable and proportionate checks to make sure Mrs G could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of things, such as how much was being lent, the repayment amount, Mrs G's borrowing history and her income and expenditure.

I've looked at whether Barclays carried out reasonable and proportionate checks when the account was opened in 2011. Due to the length of time which has passed since the account was opened, Barclays don't hold very much information about the checks which were completed. However, they have been able to provide information which shows that they gathered information on Mrs G's income and carried out a credit check. These checks showed that Mrs G had an income of around £26,400 and existing debt of around £2,528.

I've reviewed Mrs G's bank statements from the time when the credit card account was opened. There's nothing to suggest that Mrs G was experiencing financial difficulties or that she was unlikely to be able to sustainably repay the credit being advanced.

Based on what I've seen, I'm satisfied that Barclay's carried out reasonable and proportionate checks and that the lending was affordable.

I've gone on to look at whether Barclays carried out reasonable and proportionate checks before approving the credit limit increases.

Due to the length of time which has passed since the first two credit limit increases in 2013 and 2014, Barclays don't hold any information about the checks which were completed. So I've reviewed Mrs G's bank statements from the relevant time. Having done so, there's nothing to suggest that Mrs G was experiencing financial difficulties or that she was unlikely to be able to sustainably repay the credit being advanced.

In relation to the credit limit increases in 2015, 2016 and 2017, Barclays has provided details of the checks it carried out and the information it gathered.

I've reviewed this information. Prior to approving the credit limit increases, Barclays looked at Mrs G's income and expenditure, her existing borrowing (including borrowing with other lenders) and how she had managed the account up until then. The information showed that Mrs G had a good income confidence factor and that her payments had always been made on time and that she regularly paid in excess of the minimum payment requested.

I've reviewed Mrs G's bank statements from the time of each credit limit increase. I haven't seen anything to suggest that Mrs G was experiencing financial difficulties or that she as unlikely to be able to sustainably repay the credit advanced.

Based on everything I've seen, I'm satisfied that Barclays carried out reasonable and proportionate checks before increasing the credit limit. I'm also satisfied that the lending was affordable for Mrs G and that the lending decision was fair.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 28 March 2024.

Emma Davy
Ombudsman