

The complaint

Mrs B and her representative complain that Barclays Bank UK PLC, trading as Barclaycard (“Barclaycard”), irresponsibly gave her two credit card accounts she couldn’t afford.

What happened

In May 1989, Mrs B applied for and was given a credit card account with Barclaycard with an initial credit limit of £1,100. Between then and November 2012, the credit limit was increased nine times, the last increase going from £3,750 to £7,500.

In February 1995, Mrs B applied for and was given a second credit card account with Barclaycard, this time with an opening credit limit of £700. Between then and November 2012, the credit limit was increased sixteen times, the last increase going from £8,000 to £12,000.

Mrs B has been paying off each account by way of a paydown plan since around 2021.

Mrs B complained to Barclaycard, saying the two accounts shouldn’t have been opened for her because they weren’t affordable. She also said that Barclaycard ought to have made a better effort to understand her financial circumstances before increasing her credit limits.

Our Investigator didn’t recommend the complaint be upheld.

As Mrs B and her representative don’t agree, the complaint has been passed to me to decide.

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.

Given that the lending in this complaint goes back almost 35 years, an issue of key significance when assessing its merits is the lack of availability of evidence and information, from both Barclaycard and Mrs B. For Barclaycard, since lenders are only required to hold account details - including lending information - for a limited time, this isn’t something where I’m able to say Barclaycard should have operated its processes better. I know this is a source of frustration as it inevitably impacts on our ability to properly look into this complaint.

Having said that, I have reviewed the complaint afresh and applied broadly the same approach as our investigator, in line with the way we consider the merits of complaints where issues of irresponsible and unaffordable lending have been raised by consumers.

Did Barclaycard complete reasonable and proportionate checks to satisfy itself that Mrs B would be able to repay each card in a sustainable way?

Before opening the first account in 1989, I would have expected Barclaycard to gather a proportionate amount of evidence and information from Mrs B about her ability to repay. Like our investigator, the issue I've encountered is that of having only very limited information available from Barclaycard about each of its lending decisions. For the account opening and each lending decision after that, I certainly would have expected a credit reference agency check to be carried out in order to find out more about Mrs B's level of credit taken out elsewhere (if any) and to see if there were any issues of concern arising from her credit file. But I simply am not in position to say what this information might have shown as I haven't seen the relevant information.

The position is unfortunately not helped by only having limited information also available about Mrs B's financial circumstances at the time of granting the card and the limit increases that then followed. Without having some indication of her income, other borrowing and day to day spending at the point of the account opening and each increase, I can't say whether or not Barclaycard carried out reasonable and proportionate checks.

The second card was taken out in 1995, so by then Mrs B had been managing the credit on her first account for more than six years. So in addition to the credit checks that I would have expected Barclaycard to have carried out, Barclays would also have been able to look back at Mrs B's credit history with her first card. But once again, I don't have enough information to be able to make a finding as to whether Barclaycard carried out reasonable and proportionate checks.

I do agree with our investigator that there are issues of concern about the last credit limit increase – and in my view potentially those increase going back to around 2005 when I understand that Mrs B started her retirement. Her representative tells us that from then on Mrs B was on a state pension and her supplemental income was likely to have been only around £100 per month. That means any increase in credit would need to take Mrs B's reduced income into account. I think that raises questions about the two credit limit increases of November 2012 – from £3,750 to £7,500 on the first card and from £8,000 to £12,000 on the second card. I agree with our investigator that for Barclaycard only to look at the data from the credit reference agency alongside her history of card repayments to date was unlikely to have been sufficient to constitute a proportionate check. I think at this point at the very least it ought to have asked Mrs B questions about her income and expenditure.

What would proportionate checks have shown?

I've seen that Mrs B's representative has expended a great deal of effort in trying to demonstrate what Mrs B's circumstances would have been at the point of the more recent credit limit increases. I can also see that Mrs B's state pension would have been around £118 per week in 2012. I also understand that Mrs B's supplemental earnings were minimal and a lot less the pension she received.

I have the same difficulty as our investigator in establishing what Barclaycard would have seen had it carried out better checks. For example, without having seen Mrs B's payment history prior to 2012, it's not possible to identify issues of concern. That therefore puts the onus on looking at Mrs B's financial circumstances. Mrs B's representative has tried to obtain copy payslips about her supplemental earnings but has only obtained these from

comparatively recently. But even were I to place some reliance on those, it doesn't provide a full enough picture of what Mrs B's financial situation looked like at the time.

One other way of getting a better picture of Mrs B's financial situation would be by way of looking at bank statements from the time. We asked Mrs B's representative if he might be able to obtain these but that hasn't been possible.

To summarise, I remain unable to make a determination as to whether Barclaycard made fair lending decisions in relation to these two cards. I agree it's likely that the final credit limit increases in 2012 ought not to have been given without checks first being made to better establish whether Mrs B would be in a position to sustainably repay her cards. But as I can't say what such checks would have found, I can't say whether or not Barclaycard went on to make a fair lending decision. And as I'm not persuaded that it has acted unfairly, I don't think Barclaycard needs to do anything more to put things right.

I know that Mrs B and her representative will be disappointed by my decision. But I have thought very carefully about all the evidence and information that's been provided but have not found sufficient evidence to be able to uphold this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 5 March 2024.

Michael Goldberg
Ombudsman