

The complaint

Mr C complains that Barclays Bank UK PLC, trading as Barclaycard ('Barclaycard'), irresponsibly granted him a credit card he couldn't afford to repay.

What happened

In or around January 2021 Mr C entered into an agreement with Barclaycard to have access to credit by way of a credit card account. The opening credit limit was £3,000. In January 2022 he was given a credit limit increase to £4,500.

Mr C says that Barclaycard didn't complete adequate affordability checks when it increased his credit limit. He also says Barclaycard shouldn't have allowed him to make cryptocurrency purchases on the card.

Barclaycard didn't agree. It said that it carried out a reasonable and proportionate assessment to check Mr C's financial circumstances before increasing his card limit. Barclaycard also says that the card terms and conditions allows customers to be able to use the card to purchase cryptocurrency and that it will be treated in the same way as a cash purchase.

Our investigator didn't recommend the complaint be upheld. She said that Barclaycard didn't act unfairly by increasing Mr C's credit limit. And, given that the terms and conditions allow cryptocurrency transactions on the account, Barclaycard hadn't been wrong in allowing them.

As Mr C didn't agree with our investigator's findings the complaint has been passed to me 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.

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.

Mr C hasn't complained about the opening credit limit he was given by Barclaycard. But what I will say is that I've seen that Barclaycard relied on credit reference agency details to help make both its initial lending decision and then the decision to increase Mr C's credit limit. By the time of the increase, Barclaycard would also be able to see how Mr C had been managing his account over the previous year or so.

At the time of making his card application Mr C had told Barclaycard that he had a net monthly income of around £2,600 and was living at his parent's home. He was making payments towards public utilities and had two mobile telephone accounts. He continued to

operate two other credit cards and was paying off what looks like a car loan at a monthly rate of £458. Barclaycard's checks suggest that Mr C had total loan borrowing of around £23,000. This is a significant increase over the borrowing figure of just under £3,000 when Mr C first took out the card.

I think, given this significant increase to Mr C's credit limit as well as Mr C's substantial uplift in the amount of credit he owed, it would have been proportionate for Barclaycard to have taken steps to verify his level of income but also to find out more about how he was managing his income alongside other spending. For example, although he was living at home it is likely that he was making a contribution towards household costs. He also by this point would have likely had the costs associated with running a car to pay.

I can't be sure exactly what Barclaycard would have found out if it had asked. In the absence of anything else, I think it would be reasonable to place significant weight on the information contained in Mr C's bank statements to gain an indication of what it would most likely have discovered.

I've reviewed three months of bank statements leading up to the lending decision. Having done so, I broadly agree with our investigator that the statements show Mr C was receiving a monthly income that by now averaged out at around £3,700 per month. I've noted that Mr C wasn't making use of an overdraft facility and appeared able to meet his monthly credit and non-credit commitments with sufficient left for leisure spending.

In the context of the limit increase of £1,500, Mr C would have to find another £75 if he were to use all of his available credit. From what I've seen I consider it's likely that Mr C therefore had sufficient disposable income available to sustainably repay the increased card balance without putting his financial situation at risk of deteriorating. And I think that had Barclaycard completed proportionate checks, it would have discovered this too.

I've seen Mr C's response to our investigator. He's referred us to a successful irresponsible lending complaint he made about another credit card. Each complaint received by this service is decided on its own particular facts, although I can appreciate that the circumstances, evidence and information may appear similar.

Mr C also asked why his credit limit was lowered further to prevent his financial situation getting worse. Barclaycard has a responsibility to ensure that its borrowing remains affordable and able to be sustainably repaid by its customers. The decision to reduce Mr C's credit limit would have been based on a number of factors. This would probably include the way Mr C was managing his account at that time. It wouldn't be right for me to speculate any further about that here. But in any event, my role is to look at whether granting the limit increase was fair at the time the decision to lend was made, rather than to apply hindsight for things that occurred later.

It follows that I therefore don't think Barclaycard acted unfairly by increasing Mr C's credit limit.

Finally, having reviewed Barclaycard's terms and conditions, I agree that cryptocurrency transactions are allowed and will be recorded as a 'cash-like' transaction. Mr C would have received a copy of these terms when he first opened his account. If he wished such transactions to be restricted that's something it was open to him to raise with Barclaycard to see if something could be done to help him. But I can't see that he did so. More recently Mr C asked why he wasn't able to buy cryptocurrency on his debit card. That's something that falls within Barclaycard's commercial decisions about its own processes and so again it's outside the scope of this decision where I'm looking at whether it made a fair decision to increase his credit limit.

I've considered whether the relationship between Mr C and Barclaycard might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Barclaycard lent irresponsibly to Mr C or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons set out above, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 July 2024.

Michael Goldberg

Ombudsman