

The complaint

Mr W complains that Barclays Bank UK PLC trading as Barclaycard unreasonably refused his credit application.

What happened

Mr W applied for a credit card with Barclaycard after being pre-approved but his application was declined. Barclaycard's rejection letter gave Mr W a telephone number to call if he wanted to find out more about its decision. Mr W says that Barclaycard could not help him over the phone or by email. Mr W was concerned that the reason for the rejection may have been due to identity theft or fraud in his name.

When Barclaycard responded to Mr W's complaint, it said it had declined his application in line with its lending criteria. Barclaycard said that although Mr W met its affordability checks, it couldn't fully validate his application. Barclaycard said it could not give further confidential information about its lending criteria or the security checks it conducted

Our investigator agreed that Barclaycard was allowed to follow its own lending criteria and that being pre-approved or having a good credit score, doesn't necessarily guarantee a successful credit application.

However, our investigator didn't think Barclaycard treated Mr W fairly when it didn't give him any reason in its rejection letter why his application was unsuccessful. He thought that Barclaycard could have given Mr W the reason it declined his application much sooner than it did. For the distress and inconvenience caused by Barclaycard's delay, our investigator thought £100 compensation was fair.

Barclaycard disagreed with the investigation outcome. It said it's not obliged to give an in depth response regarding its lending decision. Barclaycard said it told Mr W about the decision to decline from the outset.

Our investigator went back to Barclaycard referring to the Standards of Lending Practice which says that a lender should, where possible, inform the customer of the main reason their application has been declined. Our investigator thought that if Barclaycard had given the reason sooner – as it did in its final response – Mr W might have worried less.

Barclaycard still didn't accept the outcome. It said front line staff don't have access to the same information that it does. As its' lending criteria is sensitive, it can only tell the consumer what they need to know.

Mr W was unhappy that despite making a data subject access request (DSAR) for copies of the information that Barclaycard held on him, it said that it could not complete the request. Mr W thought Barclaycard has a legal obligation to provide this information when requested. He wanted to make sure that the information Barclaycard holds is accurate and that he had not been the victim of identity theft.

Our investigator said that if Mr W was unhappy about the DSAR, he should contact the

Information Commissioner's Office (ICO).

Mr W wondered whether an increase in compensation would help push Barclaycard to resolve his complaint and provide the data it holds about him.

As neither Barclaycard nor Mr W accepted the investigation outcome, the complaint came to me to make a decision. After considering everything, I issued a provisional decision on 8 August 2024 in which I said:

I appreciate Mr W was disappointed that Barclaycard declined his application after he had been pre-approved but this was a commercial decision that Barclaycard was entitled to make. This service won't usually interfere in a business's commercial discretion. But where Barclaycard decides not to lend, the Standards of Lending Practice says that it should, if requested, provide the main reason.

In Mr W's case, when Barclaycard declined his application it said it could not accept his application at that time. So, at this point, I can't say that Barclaycard gave the main reason it would not proceed. Mr W says that when he tried to follow up with Barclaycard as suggested in the letter he received, nobody could help him. In response to the exchange of several emails, Barclaycard suggested that Mr W call the applications department. Other times Barclaycard said it could not deal with his request via a non-secure channel.

It was not until Barclaycard sent its final response in March 2024 that it told Mr W it declined his application because "upon further checks we were unable to fully validate your application". This was the first time that Barclaycard told Mr W why it had decided to decline his application.

Because the businesses we cover sometimes share information with us on a confidential basis, I was not persuaded that the reason Barclaycard gave in its final response was the main reason for the decline. Or at least, that it was not worded in a sufficiently meaningful way for Mr W. So, I asked our investigator to go back to Barclaycard for further information.

Barclaycard told our investigator that the account was closed for fraud purposes and that this is what it had already told Mr W. We asked Barclaycard to give us details of when it said this to Mr W but it has not responded. So, I don't have enough evidence to conclude that Barclaycard has already told Mr W that his application was declined for fraud purposes.

Although Barclaycard needs to keep certain information confidential, it seems to me that as it now says it told Mr W that it declined the application for fraud purposes, it could have given this explanation sooner. Instead, Mr W has been put to the trouble of making a complaint to find out information it should have already shared. I think this has left Mr W in an extended period of concern over the reason his credit application was unsuccessful.

I am satisfied that "fraud purposes" was the main reason for the decline, so as part of resolving this complaint, I can't fairly require Barclaycard to say more than this. It is however possible for Mr W to raise DSARs with the three main fraud prevention agencies to check whether any of them hold information about him. If he needs help with this, Mr W can contact our investigator. If Mr W remains unhappy with Barclaycard's response to his DSAR, he would have to take this up with the ICO as suggested by our investigator.

Our investigator recommended that Barclaycard pay Mr W £100 to apologise but I don't think this fairly reflects the inconvenience and upset caused by the delay in supplying the main reason for the decline. I am currently minded to require Barclaycard to pay Mr W £200 compensation. This sits within the range of award we might make where the business's actions have caused more than the usual levels of frustration and have taken a reasonable effort to resolve. I think this would be a fairer way to resolve his complaint.

Further submissions

Barclaycard acknowledged my provisional decision but despite asking for additional time to respond, has not asked me to consider anything further.

Mr W is thankful that his complaint seems to me moving towards a conclusion but is still unsure why Barclaycard rejected his application. Mr W asks whether fraud purposes means that there has been fraud against him. Mr W says he followed up with the ICO but as Barclaycard responded to his DSAR by saying it would not supply the information, the ICO is not going to take further action. So, Mr W asks what a DSAR is and how he goes about raising one.

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.

I appreciate that Mr W wants Barclaycard to provide a fuller response than it already has about the reason it declined his application. As our investigator explained to Mr W – Barclaycard is only required to provide the main reason why it rejected a lending application. By referring to fraud purposes – Barclaycard has fulfilled its obligation under the Standards of Lending Practice. I can't require Barclaycard to give Mr W the detailed information that he seeks. I am sorry that this is likely to be frustrating for him.

Our investigator has directed Mr W to the ICO website for more information about DSARs. I cannot require the ICO to take further action as part of resolving this complaint. If Mr W remains unhappy with the situation, he can seek legal advice if he wants.

As I already said in my provisional decision, Mr W can raise DSARs with the three main fraud prevention agencies to find out what, if any, information they may hold about him. I will include the relevant links when I send Mr W my final decision.

Overall, I still consider it fair to make my final decision along the same lines as my provisional decision.

My final decision

My final decision is that I uphold this complaint and require Barclays Bank UK PLC trading as Barclaycard to pay Mr W £200 compensation to apologise.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 October 2024.

Gemma Bowen
Ombudsman