

The complaint

Mr H complains about Barclays Bank UK PLC trading as Barclaycard unfairly reducing the credit limit on his account.

What happened

I issued a provisional decision on 20 April 2024, and this is what I said:

I've considered the relevant information about this complaint.

I've considered the relevant information about this complaint. Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 4 May 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr H complains about Barclays Bank UK PLC, trading as Barclaycard, unfairly reducing the credit limit on his account.

What happened

Mr H's credit limit is very important to him, and he carefully calculates his balance and says he 'never uses more than 50% of any of my lines of credit due to it causing a negative impact on a credit score'.

Due to the way Mr H manages his credit score, he was only using half of his £4,300 Barclaycard limit. However, in November 2023, Barclaycard decided to reduce Mr H's limit to £2,150.00.

Mr H's complaint is that Barclaycard:

- *Didn't give him any notice. He says:*
 - *He didn't receive their letter*
 - *He only received a text after their action*

- *Haven't treated him fairly and, by not doing so, have caused him stress. This is because:*
 - *Following the sad loss of a close family member he was juggling his finances*
 - *He's never missed a payment and always pays more than the monthly minimum payment*
 - *He doesn't know the reason for the reduction*
 - *His Barclaycard credit line is now fully used and there's been a negative impact on his credit score as he is no longer utilising less than 50% of his limit*
 - *This negative impact on his credit score caused him to pause his house purchase plans and at Christmas time he felt forced to find funds (approx. £600) to get his balance below 50%*

Mr H complained to Barclaycard. Although they acknowledged the impact, they didn't uphold his complaint about the reduction in his credit limit. They said they were entitled to reduce his limit.

Also, for service level reasons, they would pay Mr H £50 compensation.

Mr H brought his complaint to our service looking for:

- *His credit limit to be restored*
- *His credit file to be fixed*
- *Compensation for the issues and stressed caused*

Our investigator didn't think Barclaycard had acted unfairly. At the investigation stage of our process Barclaycard said they would increase their £50 compensation offer to £100 and, when communicating this, our investigator said she thought this reasonably recognised Mr H's stress.

As Mr H remains dissatisfied, his complaint has been referred to me to look at.

What I've provisionally 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'm not upholding this complaint and I'll explain why. I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points Mr H has made, even if I don't specifically address them all.

I'd first like to say:

- *I'm very sorry to hear of Mr H's sad loss and the stress he's experienced here*
- *Businesses are entitled to make commercial risk-based decisions on credit limits*

I appreciate that Mr H says he has a good payment record and I understand his tactics of using less than 50% of his limit, however Barclaycard's terms and condition, which Mr H agreed to when he opened the account, say:

- *'We set your credit limit according to your circumstances, your account usage and history, information from other parts of the Barclays group, information we receive from credit reference agencies, and any other information we think is relevant. We'll tell you what your credit limit is when we first open your account. We'll then review it from time to time. If we change your credit limit, we'll write to let you know.'*
- *'If we reduce your credit limit based on an assessment of risk or your ability to repay, we have the right to not give you any notice beforehand if we think this would not be appropriate. (However, we may choose to give you up to seven days' notice). We won't reduce your credit limit to less than your total outstanding balance, plus any transactions authorised but not yet charged to your account.'*

So, I'm satisfied Barclaycard were entitled to review his credit limit. Also, they explained changes to his credit limit could happen upon review when he opened his account. And, although Barclaycard can't share their commercial considerations when undertaking the review, I think it more likely than not that Mr H consistently using less than half his limit contributed to their decision.

I recognise Mr H didn't receive Barclaycard's notification letter, but I've seen the letter and I'm satisfied that it was sent to Mr H as specified in their above text.

Regarding notice of the reduction, it's clear that:

- *Barclaycard don't have to give any prior notice if they think this wouldn't be appropriate*
- *Had Mr H received Barclaycard's letter he would've only received a couple of days' notice*
- *Barclaycard's decision wouldn't have affected Mr H's usage as he only used half his limit and his balance was less than this*
- *Barclaycard weren't aware of the reason Mr H was using less than half of his limit*

So, I can't see that Barclaycard have made any errors.

Although Barclaycard could've given seven days' notice, and perhaps should've because of the size of the reduction, it's clear there was no requirement for them to do so. And, as Mr H was consistently only using half his limit, this may not have been considered appropriate.

Regarding Mr H feeling forced to spend money at an inconvenient time to get his balance back to 50%, I don't think it would be fair or reasonable to ask Barclaycard to pay compensation for Mr H's tactical payment choices.

So, although I appreciate Mr H's upset and frustration here, having considered the above and all the information on file, I'm also not up upholding his complaint against Barclays Bank UK PLC trading as Barclaycard.

My provisional decision

For the reasons I've given above, it's my provisional decision not to uphold this complaint against Barclays Bank UK PLC trading as Barclaycard.

I'll look at anything else anyone wants to give me – so long as I get it before 4 May 2024.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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 didn't receive a response from either party.

So, with no further arguments or evidence having been produced in response to my provisional decision, my view remains the same.

I therefore adopt my provisional decision and reasons as my final decision.

My final decision

My final decision is not to uphold this complaint against Barclays Bank UK PLC trading as Barclaycard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 June 2024.

Paul Douglas
Ombudsman