

## **The complaint**

Mr M complains that Tesco Personal Finance PLC trading as Tesco Bank unfairly reduced the credit limit of his credit card account.

## **What happened**

In January 2021, Tesco suspended use of Mr M's credit card account as it was in 'persistent debt'. Mr M agreed repayment arrangements with Tesco until May 2022. On 15 March 2023, another Ombudsman considered a separate complaint made by Mr M about the payment plan, and information recorded on his credit file.

On 13 April 2024, Mr M called Tesco. At the time, Mr M's credit limit was £5,500. During the call, Mr M said he wanted to clear the balance. He said his card was 'on hold' and asked if his credit card would be reactivated. Tesco's call handler said *"if you're looking to clear the balance... we'll look to reinstate the use of it. It's usually within 24-72 hours of the next statement getting produced so it could be within the 24-72 hours of the May statement being produced."*

On 3 May 2024, Tesco wrote to Mr M. Tesco thanked Mr M for repaying his balance in full and told him his new credit limit was £2,200. Mr M complained to Tesco that it had reduced his credit limit.

Tesco told Mr M it had decided to reduce his limit because his account had previously been in 'persistent debt'. It offered to review Mr M's credit limit if he provided details about his personal circumstances. Tesco also acknowledged Mr M had been diagnosed with cancer and provided details of its Customer Support Team.

Mr M was unhappy with Tesco's response, so he referred his complaint to our Service. Tesco told our Investigator that one of its underwriters reviewed Mr M's credit limit and decided to keep it at £2,200. Our Investigator didn't uphold Mr M's complaint, saying the terms of his account allowed Tesco to reduce his credit limit. Our Investigator didn't think Tesco had told Mr M he'd be able to use his card as soon as the outstanding balance had been repaid.

In response, Mr M said he felt Tesco had discriminated against him as they told him over the phone that his limit would stay the same and could use his card straight away after repaying the balance. Mr M said he wouldn't have repaid the outstanding balance if he'd known he couldn't use the card and Tesco would reduce his credit limit. Mr M added Tesco knew he had dyslexia and shouldn't have explained anything to him by letter.

In response, Tesco said it had been aware of Mr M's dyslexia since November 2020, and he required help with online banking. Tesco provided its call notes from 2020.

## **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'd first like to say I'm sorry Mr M is undergoing treatment for cancer and acknowledge the difficult circumstances that have led to his complaint. I realise my decision will likely disappoint Mr M, but I'll explain my reasons.

The terms and conditions of Mr M's account say:

*"In certain circumstances we might reduce your credit limit or advance limit. If we do, we'll let you know as soon as possible. This might be after we've decreased it, but you'll always be able to see your up-to-date limit in our Mobile App and in Online Banking."*

So, I'm satisfied the terms allow Tesco to reduce Mr M's credit limit and it did not have to notify him before it reduced the limit. Tesco is not obliged to give a full explanation about why it decided to reduce Mr M's credit limit, but I note it explained it took his persistent debt into account. I think it was reasonable for Tesco to reconsider Mr M's credit limit as part of its review into whether to allow him to use his account again. I know Mr M wants Tesco to increase his credit limit, but it is for Tesco to decide its appetite for risk, and what parameters they use to assess that risk. But given what Tesco knew about Mr M's personal and financial circumstances, I'm not persuaded its decision to reduce his credit limit was wholly unreasonable.

I've considered the impact Tesco's decision had on Mr M – he's said he wouldn't have repaid the outstanding balance if he'd known it would remove his limit. At the time Tesco made its decision, Mr M wasn't able to use his credit card account for new purchases, so the reduction of Mr M's credit limit didn't affect how he was currently using the account. And in repaying the outstanding balance owed to Tesco, Mr M ensured he would no longer pay any interest owed on the outstanding balance. So, I don't think the available evidence suggests Tesco has caused Mr M a financial loss.

I've listened to Mr M's call with Tesco on 13 April 2024, but there was no discussion of Mr M's credit limit. I heard Tesco state it *"would look to"* reinstate Mr M's credit card within 24-72 hours of his next statement being produced in May. I don't think Tesco's call handler gave a guarantee the account would be reinstated on the same terms as before. Tesco wrote to Mr M on 3 May 2024 to let him know he could use his account, and his credit limit was £2,200. So, I think Tesco reinstated use of his account when it said it would. I also think Tesco told Mr M at the earliest opportunity it had decided to reduce his limit because it told him before he could start using his account again.

I've looked through Mr M's contact notes with Tesco and can't see any calls before 13 April 2024 about repaying his balance in full. The contact notes indicate Mr M hadn't called Tesco since 30 October 2023. Overall, I don't think there's enough evidence to show Tesco told Mr M his limit would stay the same before he repaid the outstanding balance.

Mr M previously told Tesco about his dyslexia and difficulty reading. When this happened, I would have expected Tesco to ask Mr M about how his dyslexia impacts him and if there's any specific adjustments/support he might need. The evidence we've been provided doesn't clearly show whether this is something Tesco did. However, Tesco has explained Mr M has been supported by its Customer Support Team, who he can speak to directly when he needs help. And the evidence shows Mr M did speak with Tesco if he had concerns or needed help reading its letters. So, if Mr M was unable to read the letters Tesco sent to him in May 2024, I'm persuaded he was aware he could contact Tesco for help in reading them. But if there's additional support Mr M needs, he can contact Tesco's Customer Support Team if he wants to discuss how it communicates with him in the future.

Mr M hasn't provided evidence to show he previously requested Tesco only communicate with him by phone. But even if Tesco had an agreement like this in place, it would still not have been obliged to call Mr M before reducing his credit limit on 3 May 2024. Tesco's final response letter explained Mr M's credit limit could be reviewed by their underwriters if he wanted it increased. The final response also outlined the information Tesco needs to do this. So, if Mr M still wants a higher credit limit, he can call Tesco to discuss this and ask them to explain the information he needs to provide for this to happen.

I appreciate Mr M considers Tesco has discriminated against him. And I can understand why it would be frustrating to have the content of their letters explained sometime after they were sent. However, I should explain that we don't have the power to make a finding of discrimination under the Equality Act 2010. That's something only the Courts can do. But what I have done is investigate whether Tesco treated him fairly and reasonably. And for the reasons explained above, overall, I'm satisfied Tesco acted fairly and reasonably.

### **My final decision**

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 December 2024.

Victoria Blackwood  
**Ombudsman**