

The complaint

Mr D complains that Nationwide Building Society decreased the credit limit on his credit card.

What happened

Mr D has a credit card with Nationwide. He's unhappy because over the years, Nationwide has reduced the credit limit from £8,100 to £2,900.

Mr D says that Nationwide has used incorrect information regarding a missed payment on one of his other accounts as the reason to reduce the credit limit.

Mr D complained to Nationwide. Nationwide didn't uphold the complaint. In its final response dated 26 January 2024 it said the reduction had been made in line with the terms and conditions and as a result of information it had received from the credit reference agencies.

Mr D remained unhappy and brought his complaint to this service. He says he's always paid more than the minimum payment and has never missed a payment or exceeded his credit limit, but the credit limit just keeps getting reduced. He wants Nationwide to stop reducing the limit or close the account.

Our investigator didn't uphold the complaint. He said that the terms and conditions of the credit agreement allowed Nationwide to reduce the credit limit at any time. He also said that Nationwide were obliged to review accounts regularly to make sure they were lending responsibly and that they weren't obliged to provide specific details about the reason for the reduction of the credit limit.

Mr D didn't agree. He said that since he'd brought his complaint to this service, his credit limit has been reduced again.

Because Mr D didn't agree I've been asked to review the complaint.

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 can see that Mr D opened his account in February 2019. At that time the credit limit was £8,100. Over the years the credit limit has been reduced, the most recent reduction being in July 2024 when the credit limit was reduced to £2,900.

When Mr D raised his complaint with Nationwide, he specifically complained about a credit limit decrease which had taken place in January 2024. Prior to January 2024 the credit limit was £3,700 and it was reduced to £3,200.

I've reviewed the letter which was sent by Nationwide dated 5 January 2024. This explains that the bank regularly reviews credit limits to make sure customers aren't borrowing too much, and that as part of this review they will look at information provided by credit reference

agencies. Nationwide said in the letter that as a result of information provided from one of the credit reference agencies – TransUnion – it had decided to reduce Mr D's credit limit.

The terms and conditions of the account allow Nationwide to reduce a credit limit at any time. Mr D agreed to these terms and conditions when he took out the card and entered into the credit agreement. All lenders set credit limits based on their own internal lending criteria.

Based on what I've seen here, I'm unable to say that Nationwide has made an error when it reduced the credit limit, because it has acted in line with the terms and conditions. This service can't tell a business what its internal lending criteria should be or how it should apply those criteria.

What this service can do is look at whether the decision to reduce the credit limit was fair and reasonable. So, I've looked at the information that led to the decision.

Nationwide isn't obliged to tell Mr D the specific reason for the decision because this is business sensitive information. However, it has provided details of the reason to Mr D in general terms.

In this case, Nationwide received information from one of the credit reference agencies which meant that its internal criteria for a reduction in the credit limit were applied and the credit limit was reduced.

Based on what I've seen, I haven't seen anything to suggest that Nationwide has treated Mr D unfairly. I'm satisfied that Nationwide acted reasonably in response to the information provided by the credit reference agencies. If Mr D has any concerns that the information provided by the credit reference agencies isn't correct, he should review his credit file and take this up with the credit reference agency directly if necessary.

Taking all the information into account, I'm unable to say that Nationwide has made an error or treated Mr D unfairly. I won't be asking Nationwide to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 December 2024.

Emma Davy
Ombudsman