

The complaint

Mr L complains that Barclays Bank UK PLC lied about the reasons why it reduced his credit limit.

What happened

Mr L had a credit card account with Barclays. In January 2023 Barclays wrote to him to say it was reducing his credit limit from £2,400 to £700. In its letter it told him:

“We want to make sure no one's borrowing more than they can comfortably afford, so we keep an eye on your account and check your credit limit. We look at things like whether you've missed any payments or been late, and we check in with Credit Reference Agencies.”

Mr L complained, and asked Barclays to elaborate. In its final response to his complaint, Barclays said:

“we regularly review credit limits to ensure we are lending responsibly to our customers. Unfortunately, due to our lending criteria the decision has been made to decrease your limit...”

Barclays also told him on the phone that it had received an alert from a credit reference agency, but said in its final response letter that it could not share this with him.

Mr L paid for a copy of his credit file so that he could see what the credit reference agency was reporting about him. But there was nothing on it which would explain why Barclays had made its decision. Being dissatisfied with the bank's response, he brought this complaint to our service. He explained that his complaint was not so much about the reduction of his credit limit, but rather about the bank's reasons for its decision. He said the bank was lying, and was implying that there was something wrong with his credit score when there wasn't. He said this was causing him stress, and he wanted a clear and truthful answer.

Our investigator did not uphold this complaint. She said that credit providers were not obliged to give their reasons for reducing a credit limit, but that Barclays had already listed some of the factors that they take into account when making such a decision. She did not think that Barclays should have to elaborate further, because its lending criteria are commercially sensitive. She also noted that Mr L had made one of his minimum payments to his account two days late, and she thought that this might have influenced the bank's decision. She did not agree that Barclays had lied to Mr L. Finally, she said that Barclays had complied with its own terms and conditions.

Mr L asked for an ombudsman's 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.

Having done so, I do not uphold it. I will explain why.

Firstly, I think that the reasons Barclays gave in its two letters to Mr L, which I have quoted above, are sufficient. Banks are not required to give more detailed reasons than that, because their lending criteria are commercially sensitive and confidential. (Even if I insisted that Barclays share that information with me, I would still not be able to share it with Mr L, so I think there would be no point in my insisting.)

That is sufficient reason for me to decide not to uphold this complaint, but for completeness I will consider some further matters.

Secondly, although Barclays did not mention it in its letters, the additional point that in November 2022 Mr L failed to make his minimum payment on time is also an obvious and reasonable potential explanation. (That late payment did not appear on his credit file because Barclays didn't report it to the credit reference agency. But I can see that it did appear on his December credit card statement.) I make no finding about whether that was the reason or one of the reasons for the limit reduction. But the fact that it is clearly a potential reason makes it impossible for me to infer that the decision was made in bad faith, as Mr L suggests I should. I'm not persuaded that Barclays lied.

Thirdly, I have read Barclays' terms and conditions, and I think that it complied with them. In section 6 it says:

"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 then review it from time to time."

Then in section 12 it says, under the heading "Managing your credit limit":

"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."

Barclays' first letter was dated four days before the credit limit was changed. So I'm satisfied that it acted reasonably.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 September 2023.

Richard Wood

Ombudsman