

## **The complaint**

Ms R complains that Barclays Bank UK PLC trading as Barclaycard reduced her credit limit to £100.

## **What happened**

Ms R holds a credit card account with Barclaycard.

In August 2023 Barclaycard reduced the credit limit to £100 following an emergency report received from the Credit Reference Agencies ("CRA").

Ms R contacted Barclaycard to make a complaint. She was advised to contact the relevant CRA's and ask them to look into this.

Ms R discovered that a water company had made an error and had reported an arrangement to pay for June 2023 on her credit file when the account should have been reported as being up to date. The water company wrote to Ms R and confirmed that it had amended the June 2023 entry with the CRA's it had reported to, and that the account was now showing as up to date with a zero balance.

Ms R sent the letter from the water company to Barclaycard and requested to reinstate her credit limit.

Barclaycard referred the request to its manual underwriters, but their decision was to decline to reinstate the credit limit. Barclaycard advised Ms R that she could apply to increase her credit limit in 6 months' time but that an increase couldn't be guaranteed.

Ms R remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said he wasn't persuaded that Barclaycard had made an error or treated Ms R unfairly.

Ms R didn't agree. She said that her credit limit wouldn't have been reduced if the water company hadn't made an error. She said she had held a Barclaycard account for a long time and had never been in arrears or made a late payment. She said Barclaycard had made its decision not to reinstate the credit limit before it had been provided with evidence of the error by the water company. She didn't think she'd been treated fairly.

## **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.

There's no dispute between the parties that the reason for the credit limit being reduced was due to negative reporting by the water company. The CRA's issued an emergency report which identified Ms R account as being in a payment arrangement.

I've thought about whether Barclaycard made an error or treated Ms R unfairly when it

reduced the credit limit in response to the report from the CRA. I don't think Barclaycard did anything wrong here. I'd expect a lender to react to an emergency report from the CRA and reducing the credit limit was a reasonable response.

Ms R has provided evidence to show that the water company made an error when it reported her account as being in arrears. The evidence also shows that Severn Trent took steps to amend the credit file. Ms R sent this evidence to Barclaycard and asked it to reinstate her credit limit.

There's information to suggest that Ms R's documents went astray having been sent to Barclaycard and it isn't clear whether the documents were located before the manual underwriters were asked to consider Ms R's request to reinstate her credit limit. That said, I don't think this matters, because Barclaycard accept that the negative reporting by the water company which caused the decrease has been amended, and the manual underwriters could see that the credit file had been amended at the time the request to reinstate the credit limit was considered. So, I'm satisfied that the underwriters knew that the issue which had led to the credit limit decrease was no longer an issue.

I've gone on to consider whether Barclaycard acted fairly and reasonably in response to Ms R's request that her credit limit was reinstated.

Credit limit increases and decreases are a business decision for Barclaycard and not something with which this service can interfere. A lender isn't obliged to provide specific information in relation to the lending decisions it makes, but it does need to demonstrate that the decision has been reached fairly. In Ms R's case, Barclaycard has said that the underwriting team stated that although the issue which caused the credit limit decrease had been resolved, the decision not to reinstate the credit limit was taken for reasons of affordability.

There are several factors which a lender will take into account when making lending decisions. Affordability is one of these. I'm unable to say that Barclaycard has applied its lending criteria unfairly.

I appreciate that Ms R feels that she's been treated unfairly. Looking at what's happened, I think it's likely that, but for the error by the water company, Ms R's credit limit wouldn't have been decreased. I understand why that feels unfair to Ms R, but the error by the water company isn't something that I can hold Barclaycard responsible for. In terms of how Barclaycard has dealt with things, I'm not persuaded that they have made an error or treated Ms R unfairly.

### **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 Ms R to accept or reject my decision before 23 May 2024.

Emma Davy  
**Ombudsman**