

The complaint

Mr W complains that Barclays Bank UK PLC trading as Barclaycard reduced his credit limit without good reason. He said this reduction will result in him incurring over limit charges.

What happened

Mr W received a letter dated 14 November 2023 saying that his credit limit on his Barclaycard was to be reduced from £18,800 to £800 on 16 November. Mr W says that at the time of the reduction his balance was £700 but there were transactions still to clear on his account which meant he would go over the £800 limit. Mr W called Barclaycard to ask why his credit limit had been reduced and to log a complaint but all that happened was he was told his case could be sent for review. Mr W wants to know why his credit limit was reduced without reasonable notice.

Barclaycard issued a final response letter dated 24 November 2023. It apologised for the distress and inconvenience caused to Mr W when he called trying to find out why his credit limit had been reduced. And it acknowledged that Mr W didn't receive the customer service he should have when he asked about raising a complaint. Because of this it offered him £50 compensation. This offer was then increased to £100.

Regarding the reduction to Mr W's credit limit (which was reduced to £900) Barclaycard said it had received an emergency alert from the Credit Reference Agencies on 14 November 2023 and acted on this. It said it submitted an appeal to review the decrease and to see if a limit of £2,000 could be agreed but this was declined.

Our investigator didn't uphold this complaint. He noted that while Mr W's credit limit was initially due to be reduced to £800 this was changed to £900 to prevent over limit charges being incurred. He said that Barclaycard was entitled to reduce the credit limit based on its risk appetite and did so in line with its terms and conditions. He said Barclaycard wasn't required to provide any reason for this but said the information provided suggested this wasn't due to fraudulent activity.

Mr W didn't accept our investigator's view. He said that the credit reference agency had said there were no alerts on his credit file and he hadn't been provided evidence of the alert that Barclaycard said it received. He said he hadn't been provided the service he should have as he had to make several calls and wasn't told why his credit limit had been reduced and he wasn't allowed to make a complaint. He said the compensation offered wasn't enough given the upset he had been caused.

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 understand why Mr W is upset that his credit limit was decreased from £18,800 and that he wasn't provided notice of this. But for me to uphold this part of his complaint I would need to be satisfied that Barclaycard had done something wrong or treated Mr W unfairly.

The terms and conditions of Mr W's account state that the credit limit can be reduced without any notice if this isn't thought to be appropriate. In this case Barclaycard has said it received an emergency alert from a credit reference agency and so action was taken. The terms set out that the credit limit will not be reduced to less than any outstanding balance including transactions that have been authorised but not yet charged to the account. In this case, Mr W was notified that his credit limit would be reduced to £800 on 16 November but as his balance was over £800 at that time, the credit limit was reduced to £900. Having considered the reason for the action and the limit reduction, this is in line with the account terms and conditions.

Mr W has asked for a copy of the alert Barclaycard received from the credit reference agency. He contacted the credit reference agency and received an email saying that there were no alerts recorded on his credit report. I can understand why Mr W has challenged Barclaycard about the alert given the response he received from the credit reference agency. But Barclaycard has provided the Financial Ombudsman Service evidence showing that an emergency alert was received on 14 November 2023 and based on this it was fair for Barclaycard to take action.

It is a commercial decision for Barclaycard to decide the lending it provides to a customer. In this case, while I note the credit limit was reduced by a substantial amount without notice, given the evidence provided of an alert from the credit reference agency, and noting the account terms and conditions, I don't think Barclaycard did anything wrong or that it has treated Mr W unfairly.

I note that when Mr W contacted Barclaycard about the credit limit reduction it did put in a request to have the limit set to £2,000. While this request was declined, I think that the agent was trying to assist Mr W by making the request.

Mr W has also complained about the service he received while trying to understand the reason for the credit limit decrease and raise a complaint. He has said that he had to make several lengthy calls and was told he couldn't raise a complaint. Barclaycard has acknowledged that Mr W didn't receive the service he should have and initially offered him £50 because of this. Following Mr W referring his complaint to this service, Barclaycard made an offer to increase the compensation to £100. Having considered the service issues, when these occurred and the distress caused, I find that £100 is a reasonable resolution to Mr W's complaint.

My final decision

My final decision is that Barclays Bank UK PLC trading as Barclaycard should, as it has offered (and to the extent this hasn't happened) pay Mr W £100 compensation for the service issues he experienced while discussing his concerns about his credit limit reduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 April 2024.

Jane Archer
Ombudsman