

The complaint

X is unhappy that Barclays Bank UK PLC, trading as Barclaycard, reduced the credit limit on his credit account.

What happened

X has a Barclays credit account which had a credit limit of £7,800. In May 2023, Barclays wrote to X and explained that they'd taken the decision to reduce the credit limit on his account from £7,800 to £4,100. X wasn't happy about this, especially as the reduction in available credit left him in financial difficulty. So, he raised a complaint.

Barclays responded to X and explained that the terms and conditions of the credit account included that they could reduce the credit limit on the account if they chose to do so. As such, Barclays didn't feel they'd done anything wrong by reducing the credit limit of X's account because their doing so was permitted by the account terms. X wasn't satisfied with Barclays' response, so he referred his complaint to this service.

One of investigators looked at this complaint. But they didn't feel that Barclays had acted unfairly by managing the situation as they had, and so didn't uphold the complaint. X remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

It must be noted immediately that a credit limit isn't a 'right' that a customer has, and the provision of a credit limit to a credit account holder – in this instance, X – is entirely at the discretion of the credit provider – in this instance, Barclays.

This is confirmed in the terms and conditions of the credit account, notably sections 6 and 12, which state as follows:

"We'll tell you what your credit limit is when we first open your account. We'll then review it from time to time. If we change your credit limit, we'll write to let you know."

And:

"If we reduce your credit limit based on an assessment of risk of your ability to repay, we have the right not to give you any notice beforehand... We won't reduce your credit limit to less than your total outstanding balance."

In this instance, Barclays wrote to X and explained that they were reducing his credit limit without notice and had done so because they had conducted a review of his account and had concerns that X might be borrowing more than he could comfortably afford.

This seems reasonable to me, and I'm satisfied that by reducing X's credit limit as they did, that Barclays have acted within the terms of the account.

Additionally, X has explained that by reducing his credit limit to £4,100 as they did, Barclays left him in financial difficulty. I can only conclude from X's statement here that X was financially dependent on the credit that Barclays were previously providing to him. But if that was that case, then it seems clear that X was borrowing more than he comfortably afford, because I feel it's reasonable to state that if X could comfortably afford the prior level of credit, then he wouldn't be in a position of financial difficulty without it.

It therefore seems that Barclays concerns that X might have been borrowing credit beyond his financial means was justified here. And given that credit providers such as Barclays have an obligation to not provide credit to account holders that can't reasonably afford it, I feel that Barclays were justified in acting on their concerns and reducing the amount of credit available to X as they did – so that X isn't now able to take on the potentially unsustainable amount of debt that he previously had.

I can appreciate that X might now be in a difficult financial position as he has explained. But if that is the case, I can only encourage X to contact Barclays and discuss his position with them. But it wouldn't be expected that Barclays would provide any further credit to X to help him with his financial difficulty, because as explained, credit providers have an obligation to only provide a level of credit to an account holder that is affordable and sustainable for that account holder.

All of which means that I don't feel that Barclays have done anything wrong or acted unfairly here. And it follows from this that I won't be upholding this complaint or instructing Barclays to take any further or alternative action.

This is because, as explained, it's entirely at Barclays discretion as to how much credit they'll provide to a customer, and because it seems that Barclays may have held valid concerns about the affordability of the prior credit limit for X.

I realise this won't be the outcome X was wanting, but I trust that they'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 20 December 2023.

Paul Cooper
Ombudsman