

## **The complaint**

Ms H is unhappy that HSBC UK Bank Plc reduced the credit limit on her credit account.

## **What happened**

Ms H noticed her credit limit had been reduced from £1,000 to £500 on her HSBC credit account. Ms H contacted HSBC and asked why the credit limit had been reduced and why she hadn't been notified about it. HSBC explained that they'd reduced the credit limit following a review of the account and that they'd sent a letter to Ms H advising her as such some weeks before. Ms H wasn't happy about this, especially as she hadn't received any such letter from HSBC. So, she raised a complaint.

HSBC responded to Ms H and confirmed they'd taken the decision to reduce the credit limit available to Ms H following a review of the account, which included a consideration of several factors, including information about Ms H obtained from the credit reference agencies. And HSBC also confirmed that they'd sent a letter to Ms H about the reduction of her credit limit in advance of the fact, although they acknowledged that this letter might not have been received. Ms H wasn't satisfied with HSBC's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that HSBC had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Ms H 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.

I can appreciate how Ms H would be upset that HSBC decided to reduce the credit limit available to her. However, it must be recognised that a credit limit isn't a 'right' that an account holder has, but rather is provided solely at the discretion of the credit provider.

As such, if HSBC as the credit provider have made the decision to reduce the amount of credit available to Ms H – as they have in this instance – then I'm satisfied that this is a commercial decision that HSBC are entitled to make.

However, it would be expected that HSBC would act within the terms of their account when doing so. And in this instance these terms include that HSBC should provide written notice to Ms H of their intention to reduce the credit limit on her account before doing so.

Ms H feels that HSBC haven't done this here, because she hasn't received any letter from them in advance of the credit limit reduction advising her that it would be taking place.

But HSBC have been able to demonstrate to my satisfaction that they did send a letter in line with their terms to Ms H – although it appears that letter wasn't received by her. I can appreciate how this would be frustrating for Ms H.

But, given that I'm satisfied HSBC did send the letter to Ms H's correct address – the address which Ms H has provided to this service – I wouldn't hold HSBC accountable for the non-delivery of that correctly address letter. And this is because the delivery of correctly addressed letters is undertaken by a postal service over which HSBC have no control.

As such, while I accept it's unfortunate that Ms H didn't receive the letter HSBC sent to her, I don't feel that her non-receipt of that letter constitutes an unfair act on the part of HSBC.

I can also appreciate that Ms H would want a detailed explanation of why HSBC have made the decision to reduce the credit limit on her account. And I'm aware that Ms H doesn't feel that there's any reason why HSBC should have chosen to reduce the credit limit as they did.

But, as alluded to above, it's for HSBC to set their own criteria as to what constitutes acceptable lending for HSBC. These criteria are commercially sensitive, and because of this it wouldn't be expected that HSBC would provide the detailed explanation to Ms H as she would like here. And one reason for this is because if HSBC were to make public the criteria they use when assessing lending, it would increase the risk that future applicants might seek use that information to circumnavigate HSBC's controls, thus reducing their effectiveness.

Ultimately, as explained, the credit limit that HSBC provide to their customers is at the discretion of HSBC. And if HSBC conclude that they're no longer willing to provide a certain level of credit to a customer – as was the case in this instance – then that's a decision that HSBC, like all credit providers, are entitled to make.

All of which means that I don't feel HSBC have acted unfairly towards Ms H by choosing to reduce her credit limit. And I'm also satisfied that HSBC have acted within their terms when reducing Ms H's credit limit by sending a letter to her in advance of the impending change – regardless of whether that correctly addressed sent letter was received by Ms H or not.

I realise this won't be the outcome Ms H was wanting, but it follows that I won't be upholding this complaint or instructing HSBC to take any further action here. I hope Ms H will 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 Ms H to accept or reject my decision before 5 September 2023.

Paul Cooper

**Ombudsman**