

The complaint

Mr R complains that Santander UK Plc decreased the limit on his credit card without telling him.

What happened

Mr R holds two credit card accounts with Santander. In May 2022, he called Santander to discuss the accounts as he'd received correspondence from Santander relating to account one saying that the account was in persistent debt and he needed to increase his monthly repayments.

Both accounts had been blocked for further spending. Account one had been blocked by Mr R. This was because Santander had previously sought to increase the interest rate on the account and Mr R had chosen to block the account to further spending in order to repay the debt back at his existing interest rate. Account two had been blocked by Santander due to persistent debt.

When Mr R called Santander, he was told both accounts could be unblocked. To do so, Mr R needed to increase his regular repayments to both accounts, and for account two, make a large lump sum repayment. This was because both accounts were in persistent debt (that is Mr R had paid more towards interest, fees and charges in the previous 18 months than he had capital).

Mr R agreed to unblock both cards by increasing the monthly repayments to new fixed amount. He also agreed to pay a lump sum of £1,100 towards account two. Before making the lump sum payment, Mr R asked if the credit limit would also reduce. The Santander representative told him the credit limit wouldn't be impacted. However, the next day it was reduced by £600.

Mr R complained to say he was given false information during the phone call and he would not have made the lump sum payment had he known. He also said that he wasn't told his interest rate would increase on account one when it was unblocked. Santander didn't uphold the complaint. It said that during the call Mr R was told about the interest rate change and that it wrote to him around a week before the phone call to tell him about the credit limit reduction.

Our investigator didn't uphold the complaint. He was satisfied that Santander had sent him a letter about the credit limit decrease prior to the call. While Santander couldn't provide a copy of the letter, he was persuaded that Santander had provided sufficient evidence that it had been sent. He also considered that Mr R had been given sufficient information about the blocks on his accounts and what he needed to do to remove them.

Mr R didn't accept that outcome. He said that Santander had given him false information on the phone call and had they told him his limit would be decreased on the second account he would never have agreed to pay £1,100 to unblock it. He also said that clear information about the persistent debt markers and when this debt needed to be repaid wasn't given to him during the call.

The complaint has been passed to me for a 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.

Santander says that a credit limit decrease letter concerning account two was sent to Mr R around 8 days prior to him calling to discuss both accounts. It has provided its system notes which state that a letter was sent. Although it can't provide a copy of the actual letter, it has provided a generic template of what it would have said.

Given that Mr R missed a payment on account two the month before (he says he accidentally made both his monthly repayments to account one), it is plausible that this missed payment would have contributed to Santander deciding to reduce the credit limit. While it is disappointing Santander can't provide a copy of the letter, I'm satisfied based on what it has been able to provide that a letter was sent and that a decision about reducing the credit limit was made prior to Mr R calling Santander.

During the call Mr R asked the Santander representative whether making a lump sum payment of £1,100 would result in his credit limit being reduced by that much. The representative said that the payment wouldn't reduce the credit limit. However, the next day, following making that payment, Mr R's credit limit was reduced by £600.

The credit limit reduction had already been agreed by Santander prior to Mr R's telephone call. Santander says its representative wouldn't have been aware that the account would be about to undergo a limit reduction. Irrespective of whether that's the case, Santander ought to have been able to give Mr R all of the relevant information during that call in order to help him make an informed decision about what to do.

Although I think Santander could have been more informative in that call, I'm not persuaded that this lack of information has led to any loss. I say this because I'm not persuaded that Mr R would have acted differently even if he had been told the limit was due to reduce by £600 the next day. I say this because Mr R appeared keen to unblock and continue using both of his credit cards. He was willing to pay a large lump sum towards one and was happy to begin paying significantly more interest on the other in order to be able to use them again.

Even if Mr R had known about the limit reduction, after making the lump sum payment he would still have had around £1,400 in available credit to use (rather than the nearly £2,000 he thought he would have) on the second account. So, the limit reduction wouldn't have made a substantial difference to his ability to use the card – which appears to be the main concern in him seeking to unblock it. While I accept its possible Mr R would have done something differently, I'm not persuaded, on balance, that he would have for the reasons I've given.

Mr R also says that he wasn't told (before unblocking the accounts) how little time he had to pay off the balances on the two cards in order to remove persistent debt markers. Having listened to the calls, it's clear the Santander representative explained that the fixed payments Mr R would set up on each account would be sufficient to clear the balances in the appropriate amount of time. While he didn't state what timeframe that would be, I don't think that has made any material difference here because Mr R said he was happy with the payment amounts.

Mr R says that he now only has a few months left to pay off the balance on his credit cards, but I've not seen anything to indicate that is the case. If Mr R believes that Santander are

now asking him to pay a different amount, or to pay off the balance sooner than he can afford he would need to raise a new complaint about those issues with Santander first.

Taking everything into account, while I think Santander could have given clearer and more accurate information to Mr R during the phone call, I don't think this has caused him any material loss. I therefore don't think Santander needs to do anything to put things right.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 February 2024.

Tero Hiltunen
Ombudsman