

The complaint

Mr A complains that Bank of Scotland plc, trading as Halifax, reduced his credit limit without warning. He says that decision caused him financial difficulties.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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 know it will disappoint Mr A, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Businesses don't have to give notice to customers about decreasing credit limits. Lenders have expressed concern that this might encourage customers whose balance is below the limit to spend up to the original limit and that would increase the amount they owe, which could cause problems if they're already having money problems. Halifax's right to change the credit limit is detailed in the card's terms and conditions.

I would, however, expect Halifax to have considered the impact a change may have on Mr A's finances, and I think they did that. They suggested he call them so they could review his income and expenditure manually and see if the limit could be renewed, and they signposted him to their Financial Assistance team if he was experiencing financial difficulties.

I don't, therefore, think they were unreasonable.

I can see that since Mr A raised his complaint with the business things have moved on a bit. He's explained that he's now been given notice that all of his accounts will be closed, and he's also concerned that cash withdrawals have had an impact on his credit score. This Service can't usually consider complaints until the bank has, so Mr A will need to raise those issues with the bank first. If he is dissatisfied with their response he can, of course, then refer them to this Service for review.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 April 2024.

Phillip McMahon
Ombudsman