

The complaint

Mr H complains that Bank Scotland plc trading as Halifax reduced the credit limit on his credit card accounts and then closed one account.

What happened

Both parties are aware of the circumstances of the complaint, so I won't go into detail about them here. Instead, I will focus on my findings.

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've firstly considered the credit limit reductions on Mr H's accounts. Account ending *8074 was reduced from £9,900 to £500 in July 2021, whereas the limit on account ending *9560 was reduced from £11,000 to £500 in February 2022. Mr H has queried why these reductions happened at different times.

Halifax has said that it reviews accounts at different times, and this is why the limits were not all amended in unison. Each account is reviewed based on the overall 'behaviour score' for the account, which will be made up of a number of factors including conduct on the account as well as information from credit referencing agencies. Halifax has explained that it is unable to separate the weighting of each factor as it is automated by their system, so they cannot provide Mr H with an exact reason as to why the limits were reduced.

I have to consider whether I think Halifax has made an error in the circumstances or acted unreasonably when it made the decision to reduce Mr H's credit limits. The terms and conditions of the accounts state that Halifax is able to make changes to the credit limits for a number of reasons, including if they are told about changes to Mr H's financial status by credit reference agencies.

Account *8074 was reviewed in July 2021, prior to Halifax being made aware of the fraud. It based its decision to reduce the credit limit on the information available to it at that time. I appreciate we now know Mr H had been the unfortunate victim of fraud, and it's likely this was a factor in the decision to reduce the credit limit, but I can't agree that Halifax made an error when it relied on the behavioural score that was relevant at the time.

Similarly, with account ending *9560, the review occurred in February 2022, which was a few months after Mr H made Halifax aware of the fraud. Again, the behaviour score is what would have informed the decision to reduce the credit limit. Mr H feels this was based on information that should have already been amended on his credit file and he had an active complaint about this. But due to the way in which the behaviour score works, it is not possible to know precisely how much can be attributed to the incorrect information Halifax was reporting, especially as a third-party was also reporting incorrect information. I

appreciate the third-party is in some way linked to Halifax, but they are separate legal entities, and this complaint is against Halifax only, so I can only consider their specific actions. And, on balance, I think it was reasonable that Halifax relied on the behavioural score available to it at the time of the review.

Mr H is also unhappy that Halifax made the decision to close account ending *8074. As the credit card was due to be renewed in January 2021, the account was reviewed automatically in November 2021. Therefore only *8074 was reviewed and *9560 wasn't. Halifax explained that it had decided not to issue Mr H with a new credit card in January 2022 and that the account would then close on 28 February 2022. It therefore gave him the two-month closure notice that it is required to give as part of the terms and conditions of the account. These state that Halifax is entitled to close Mr H's account as long as it provides two months' notice, which it did on this occasion. So, I don't think it has made an error, though I appreciate Mr H feels it is as a direct result of the fraud he experienced.

I've gone on to consider what Halifax has offered once Mr H made them aware that he felt the information they had based their reviews of his accounts on was incorrect. I understand Mr H would simply like for his previous balances and account to be reinstated without any need for a financial review, however this would not be possible as all lending decisions need to be based on what is affordable for a consumer. I cannot comment on what Mr H says other organisations have done as I don't have oversight of their decisions. Halifax has offered to review Mr H's accounts again, either by him contacting their personal lending department by phone or by sending them information about his finances as well as permission for them to conduct a credit search. If Mr H would like his finances reviewed. He should speak with Halifax directly.

On balance, I think this would be a fair resolution in the circumstances. It would allow Halifax to review Mr H's financial circumstances as they are today, to ensure they provide him with the level of credit that he is able to safely afford.

My final decision

I do not think Bank Scotland plc trading as Halifax made an error when it reduced his credit limits and closed his credit card account.

If Mr H would like to have his accounts reviewed, he should contact Bank Scotland plc trading as Halifax directly to arrange this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 October 2023.

Rebecca Norris

Ombudsman