

The complaint

Mr P complains Home Retail Group Card Services Limited trading as Argos Card (HRG) reduced the credit limit on his credit card account without notification.

What happened

Mr P has had a credit card with HRG since November 2009. The credit limit applied was £4,000. But in November 2023 he was surprised to find the credit limit had been reduced to £650. Mr P said HRG told him that they'd reduced his credit limit as he hadn't been utilising his credit limit and the reduced limit was more reflective of his credit card activity. Mr P asked for his £4,000 credit limit to be reinstated but was told he'd have to wait six months for his account to be reviewed. He complained to HRG,

HRG said they'd sent Mr P a letter by email in early October 2023 explaining why and when they'd be reducing his credit limit. They also said that this was in line with their terms and conditions.

Mr P said he'd never received any notification about the reduction from HRG. He remained unhappy with their response and referred his complaint to us.

Our investigator said that HRG's terms and conditions allowed for a credit limit reduction provided the consumer was given 30 days' notice. And they'd shown this notification had been sent.

Mr P said there'd been poor communication from HRG and that by their actions they were looking to increase financial debt. He asked for an ombudsman to decide.

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 understand Mr P's frustration and the upset caused when HRG reduced his credit limit. But having done so I'm not upholding this complaint I'll explain why.

When looking at Mr P's complaint I've considered whether HRG has acted fairly and reasonably in reducing Mr P's credit limit.

Firstly, for businesses like HRG as part of their ongoing credit assessments, they're entitled to carry out regular reviews of their customers account activity. The terms and conditions that were relevant in 2009 when Mr P opened his credit card account say:

"Credit Limit A. We will set a credit limit for your account and tell you what it is when we send you your Argos Card. We may change your credit limit at any time and will let you know about any changes."

And Mr P will have been sent amended terms and conditions, the most relevant of which say:

“1 Your Credit Limit

1.1 We will set a credit limit for your account and tell you what it is when we send you your card. Subject to further condition 1.4 below, we may change your credit limit at any time and will let you know about any changes by giving you 30 days’ notice in accordance with further condition 9.4. You can ask us to increase your credit limit or for a lower credit limit at any time.

1.2 After reviewing your account, we may decide to reduce your credit limit without you asking us to do so. We may give you prior notice of this although there may be circumstances where we may do this without prior notice. If we do, we will write to you afterwards to let you know that we have reduced your credit limit and to confirm the new amount.

1.4 Before entering into this agreement, you will be given two options for credit limit increases: (a) you may automatically accept credit limit increases, or (b) you may wish to accept or decline any proposed increase (as and when you are eligible for such an increase) If you make no selection, then option (b) will be selected. You may change your mind at any time, or choose to opt out of any increase completely, by contacting us and telling us.

9.4 We will give you at least 30 days’ advance notice of all other changes to the terms, unless the change is to your advantage, in which case we will give you notice but may make the change before telling you about it.

HRG after reviewing Mr P’s use of his credit card didn’t feel it could continue to offer the level of credit available to him, due to there being very light usage of the credit facility provided to him.

I appreciate Mr P may disagree with the rationale given, particularly since he says he managed his account well and looked to clear any outstanding balance so had a good credit history. But our service can’t tell HRG who they should lend to or indeed how much they should lend. A lending decision is a legitimate use of their commercial judgement which we can’t interfere with. And I can see from Mr P’s activity that the outstanding balance on his account was well within the £650 limit that HRG reduced it to.

The above terms and conditions allow HRG to change Mr P’s credit limit, and the term 1.2 is clear this can be done without prior notification. But I can see HRG gave Mr P 30 days’ notice before the reduction was put in place. They’ve shown they sent a credit limit reduction letter to Mr P by email in early October 2023, making clear the reduction would be applied by mid November 2023. I can understand Mr P’s frustration as he says he didn’t receive the email notification. But I can’t hold HRG responsible for this as they’ve shown the email was sent to the email address they held on their records which is the same email address Mr P has given to us.

I’ve also reviewed the pattern of spending on Mr P’s credit card in the lead up to the credit limit decrease and in the preceding 12 months which showed the highest balance on any statement was £455.71 in December 2022, and Mr P was £5.83 in credit at the beginning of October 2023. I can’t see Mr P was using the card for priority expenditure. So, I can’t say the reduction in the credit limit would have had a significant financial impact on Mr P.

I accept Mr P may have been caused some frustration and inconvenience by the limit change, but I can’t conclude HRG acted unfairly or unreasonably. I also note that HRG has said Mr P is able to request an increase in his credit limit after six months.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 May 2024.

Anne Scarr
Ombudsman