

## **The complaint**

Mr M complains that Lloyds Bank PLC treated him unfairly after he called to discuss his credit card account.

## **What happened**

Mr M took out a new loan with Lloyds in January 2020. The loan was intended to repay Mr M's existing loan and consolidate two credit card debts, one with Lloyds.

A short time later, Lloyds sent Mr M a letter about a 0% interest rate offer available for balance transfers to his credit card.

On 29 January 2020 Mr M called Lloyds to discuss the balance transfer offer he'd received. During the call, Mr M asked whether it was possible to apply the 0% balance transfer promotion to his existing credit card balance. Lloyds said Mr M couldn't use the balance transfer promotion on his existing credit card debt.

Lloyds transferred Mr M to a different person. The call handler said they could review Mr M's finances to see if there was an option to give him some breathing space. They asked Mr M about his circumstances and he said he had recently changed jobs and had increased his borrowing to consolidate debts. The call handler offered to complete an income and expenditure review to see if they could suspend interest on Mr M's accounts for between three and six months.

Mr M asked what options were available at that point and the call handler said they could waive interest on his Lloyds accounts, including his credit card, for 30 days to provide some breathing space. They also arranged to send Mr M the income and expenditure assessment.

On 7 February 2020 Lloyds reviewed Mr M's credit card and decided to reduce the credit limit to £4,800. Mr M complained and said the decision was unfair and had also impacted his credit score.

Lloyds responded on 11 February 2020 but didn't agree an error had been made. Mr M repaid the outstanding credit card balance in April 2020.

Mr M referred his complaint to this service and it was passed to an investigator. They thought Lloyds had dealt with Mr M's complaint fairly and didn't ask it to do anything else. Mr M asked to appeal, so his complaint has been passed to me to make 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.

Mr M has told us he wasn't experiencing financial difficulties when he contacted Lloyds on 29 January 2020, but wanted to discuss reducing his borrowing costs after taking out a new loan. I understand Mr M was surprised when Lloyds later reviewed his credit limit and took

the decision to reduce it. But, having listened to his call with Lloyds on 29 January 2020, I haven't found Mr M was treated unfairly.

During the call, Lloyds explained that balance transfer promotions could only be applied to debts with other businesses. Lloyds couldn't apply the 0% interest promotion to his existing credit card debt. So there was never an option for Mr M to use the promotion he called about to reduce the interest rate of his Lloyds credit card.

Lloyds asked Mr M about his finances at the time of the call. Mr M explained he had recently changed jobs and had taken out a consolidation loan to try and reduce his borrowing costs. Lloyds' call handler explained it could look at providing some longer term breathing space by reviewing Mr M's finances, but that it would take around 45 minutes to complete. Mr M asked what could be done without taking that step and was told a 30 day hold could be placed on his accounts. The call handler said no interest would be applied to his credit card, loan or overdraft during this period and Mr M agreed to proceed. Having listened to the call, I didn't find that Mr M was misled by the call handler.

Lloyds has told us an account review was carried out on 7 February 2020 which resulted in the credit limit being reduced to £4,800. As the investigator has said, Lloyds terms allow it to change a card holder's credit limit at any time. So, whilst I understand the decision to reduce Mr M's credit limit was a surprise, I'm satisfied Lloyds acted in line with the terms.

When Lloyds carried out its review on 7 February 2020 it also withdrew the balance transfer offer. I understand Mr M feels this was unfair, but the terms also say Lloyds can change the interest rates available so I'm unable to agree it made a mistake or treated him unfairly.

Mr M says Lloyds' decision to reduce his credit limit impacted his credit score. But I also think it's reasonable to note Mr M had recently taken out a new consolidation loan which could also led to changes in his credit score. And, as I've said above, I haven't found Lloyds misled Mr M when it discussed his credit card options on 29 January 2020.

Whilst I understand Mr M will likely be disappointed with my decision, I haven't found that Lloyds misled him when he called on 29 January 2020 or that it has treated him unfairly by reducing his credit limit a short time later. As a result, I'm not telling Lloyds to take any further action.

### **My final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 March 2021.

Marco Manente  
**Ombudsman**