

## The complaint

Mrs C complains that Creation Financial Services Limited reduced the limit on her credit card. She said this caused embarrassment to her as some transactions were declined. She wants the old limit to be restored or at least the new limit to be increased.

## What happened

Mrs C tells us that in November 2019 Creation reduced the limit on her credit card from £2,000 to £500 without giving her notice. She said this resulted in transactions being declined which caused her embarrassment. She feels she may be the subject of gender discrimination as her husband's credit limit wasn't reduced.

Creation issued a final response letter (FRL) in which it explained that it bases the credit limits it sets on information received from credit reference agencies and its own internal lending criteria. It said it had notified Mrs C of the reduction and that she had called it on 25 November seeking for the revised limit be increased. It said that the declined items had been on 27 November and 5 December by which time Mrs C knew of the reduced limit.

I issued a provisional decision on this complaint on 30 December 2020. I said that I wasn't minded to uphold the complaint. I said that it was a matter for Creation to determine the level of credit it offered to each customer. And that it had followed the terms and conditions of the agreement.

Since then both parties have replied. Creation said it didn't have anything to add. Mrs C expressed her disappointment that I'd "*taken the side*" of the business. Which she didn't think was fair.

I thank both parties for their replies. In the absence of any new material information I see no reason to change my provisional view which is largely repeated in my final decision set out below.

## 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 that Mrs C would be upset and disappointed that Creation reduced her credit limit by a substantial amount.

I should first explain that it is not the role of this service to direct a business as to what its lending criteria should be. Nor do we have any say as to whom a business offers a credit facility or the amount of that facility. In just the same way that a customer may choose which business they wish to deal with, so a business is entitled to determine if it is prepared to lend to an individual and if so, how much.

How a business reaches its decision is a matter of commercial confidentiality. And Creation is unwilling to disclose all the criteria it takes into account. It is entitled to do so. In its FRL it did offer some of the potential reasons for the decrease in Mrs C's credit limit.

Dealing with the specific issue of gender discrimination I've seen no information which leads me to believe that this was an issue in the decision which led to Mrs C's reduced credit limit.

I can't reasonably compare Mr and Mrs C's credit limits as I'm not aware of all the criteria which is applied. Only those factors which Creation mentioned in the FRL. Mrs C referred to a loan that Creation had offered her husband. But I noticed that the letter supplied, referred only to an opportunity to apply for the loan. It didn't guarantee the loan would be made.

Most businesses now rely heavily on automated credit assessments which are based on the relevant lending criteria. So if an account is flagged, it will have been done so on the basis of the criteria. I've not seen anything to show that the gender of the individual account customer is a consideration. Any business is likely to be principally concerned not on gender but with whether or not the individual can afford to repay the loan.

Nor do I think Creation was required to reduce the credit limit incrementally. The terms of the loan agreement gave Creation the right to amend the credit limit without specific notice. If a business determines that a credit limit is to be reduced, then it is illogical to allow it to remain above the new limit for longer than necessary. If a customer knew well in advance that a credit limit was due to be reduced it might tempt additional spending before the reduction was applied. And could potentially lead to financial difficulties for the customer.

I've noted that Mrs C in her response mentioned that she pays off the credit each month in full. But still experiences difficulties in the early part of the month due to the time taken for her repayments to be credited to her account.

It's not normally my role to offer advice directly. But it seems it's not so much the payments themselves as the timing of them which is causing Mrs C to experience some of the inconvenience which she has described.

Changing the date when a payment is required so that it fits in more conveniently with consumer income and the account administration can often achieve the desired result. Although I can't offer any guarantee, it may be that if Mrs C asks Creation if it's willing to adjust the dates of required repayments that it may be able to assist.

In summary, whilst I empathise with Mrs C's situation, I don't find that Creation has done anything wrong in reducing her credit limit. And I shan't ask it to do anything more.

### **My final decision**

For the reasons given above my final decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 March 2021.

Stephen Ross  
**Ombudsman**