

The complaint

Mr B complains that Barclays Bank UK PLC trading as Barclaycard reduced the credit limit on his credit card account.

What happened

Mr B says he had two Barclaycard credit card accounts. He says Barclaycard told him that he ought to have one account and he agreed with that decision to close one of them. Mr B says Barclaycard then reduced the credit limit on the other account from over £16,000 to £250 in September 2021. He says that came at a difficult time and made travelling impossible. Mr B would like the credit limit re-instated and appropriate compensation for the distress and inconvenience he was caused.

Barclaycard accepts it made a mistake and accepts it gave Mr B poor service. It has apologised for what took place and paid £300 compensation. It has reinstated the credit limit but told Mr B that it does regularly review credit limits in line with account terms and conditions. The credit limit was re-instated in December 2021

Mr B doesn't accept that offer and had brought his complaint to us. He says he received a letter from Barclaycard in January 2022 reducing his credit limit to £8,700.

Our investigator upheld the complaint and thought Mr B had been without his account for about five days and that it took over two months to re-instate the credit limit. The investigator thought this took place at a difficult time for Mr B which resulted in him cancelling travel plans. The investigator recommended Barclaycard pay a further £550 compensation.

Barclaycard has agreed to pay that compensation and says it will review the credit limit. It has asked Mr B a series of questions about that issue, but he hasn't replied.

Mr B doesn't agree with that recommendation and says the compensation offer is too low as is the credit limit.

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.

Having done so I'm satisfied that Barclaycard has fairly agreed to pay an appropriate compensation amount and fairly agreed to review Mr B's credit limit.

There is no question here that Barclaycard made a mistake and reduced Mr B's credit limit. I have no doubt Mr B was caused distress and inconvenience at what I accept was a difficult time for him. I also accept that his travel plans were affected by what took place and that it took over two months for the problem to be sorted out by December 2021.

The key issue about that part of the complaint is the compensation amount. I'm satisfied that Barclaycard fairly apologised for the mistake and paid £300 compensation. I can see that

Barclaycard has said it will pay a further £550 compensation which I think is fair and reasonable and at the higher level of the type and amounts of awards we would normally order for this type of issue and impact. I have not seen any evidence of direct financial loss caused by the mistake and I don't think Mr B has told us about other credit card accounts he may have that he could have used at the time.

The second issue is the reduction in Mr B's credit limit in January 2022. I can see that Barclaycard told Mr B in December 2021 that it will review credit limits and I'm satisfied that it's entitled to change a credit limit in line with agreed account terms and conditions. So, I don't think Barclaycard made a mistake or acted unfairly by reducing then credit limit in January 2022 and find it was entitled to do so. I appreciate Mr B's concerns about that reduction but equally I think it's up to Barclaycard to assess such matters and to decide its level of risk when lending.

I'm satisfied that Barclaycard has said due to the passage of time since the reduction in the credit limit in January 2022 that it will now review that limit but with no guarantee of an increase. I can see it asked Mr B via us a series of financial questions that Mr B hasn't replied to. I accept that of course it is Mr B's choice not to do so but am satisfied Barclaycard has made a fair offer to at least consider a credit limit increase.

I appreciate Mr B is likely to be disappointed by my decision and it is a matter for him if he wishes to accept it. His acceptance of this decision would be in full and final settlement of this complaint.

Putting things right

Barclaycard has fairly agreed to pay a further £550 compensation.

My final decision

My final decision is that I uphold this complaint in part and order Barclays Bank UK PLC trading as Barclaycard to pay Mr B a further £550 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 August 2022.

David Singh
Ombudsman