

## **The complaint**

Mr S complains that Creation Financial Services Limited have unfairly reduced the credit limit on his credit card. He wants it to be reinstated to its former level.

## **What happened**

Mr S had held a credit card with Creation for some time. His credit limit prior to the COVID-19 outbreak and associated measures was £10,000.

During the lockdown period, Mr S took the view that there might be an impact upon his business. He took the precautionary step of applying for a COVID payment holiday in order to see how things developed. In fact, his business adapted and did well during the lockdown and the precaution, while perfectly understandable, turned out not to have been necessary.

Soon after Mr S asked for a repayment holiday, Creation reduced the credit limit on his card to £4,200. The terms and conditions of the account say that Creation can do this at any time and at its own discretion. It later decided to reduce the limit to £500. It says that this is a result of considering Mr S's credit rating together with its internal lending criteria.

Mr S says that his credit rating is excellent, and that his payment history on the credit card is unblemished. He says that it is unfair to reduce his credit limit, particularly to a level which he finds too low to be useful and which prevents him from continuing to accrue reward points. Indeed, he says that the low limit has an impact upon his credit rating.

Creation says that its commercial decision about how to set a limit is based upon proper consideration of his rating and its own criteria, which it has not shared with Mr S.

Our investigator considered Mr S's complaint. They thought that Creation was entitled to make its own commercial decisions, applying its own criteria, and that it was not the role of an ombudsman to interfere in such a decision. They thought that Creation had not done anything wrong.

Mr S did not agree and so this has come to me for 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.

I understand Creation's decision to reduce the credit limit seems illogical to Mr S and he'd like a detailed explanation. However, the terms and conditions clearly state that this is something that Creation can do at its own discretion. During the course of our investigation, Mr S has provided evidence of his score with the credit reference agencies. But this is not the only factor in a lending decision. Our investigator was right to say that Creation is entitled to apply its own lending criteria when deciding whether, and how much, to lend to an individual customer. The remaining question is whether it did so in error or otherwise unfairly in relation to Mr S.

Creation has provided commercially sensitive information to this service that shows information it used when reaching its decision. Because of the nature of the information provided, I can't share it directly with Mr S. But, I can confirm I've completed an impartial review and can see the information Creation has sent us was taken into account when looking at Mr S's credit limit. Based on this I can't say Creation made a mistake or unfairly reduced the limit. I can understand Mr S's frustration, and that he does not feel that the card continues to offer value. But these are not issues which give rise to unfairness. In the circumstances, I am satisfied that Creation have not got anything wrong.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 November 2022.

Marc Kelly  
**Ombudsman**