

The complaint

Mr I complains that Barclays Bank UK PLC trading as Barclaycard reduced his credit limit by 96%. He also complains they gave him poor customer service.

What happened

Mr I's Barclaycard credit limit was reduced from £5,800 to £250. He said he contacted Barclaycard to discuss this, but it took him almost two hours to speak to somebody about it. The call handler informed Mr I that Barclaycard sent him a letter in April explaining the credit limit reduction, but Mr I said he never received this letter as he would have contacted them about this.

Mr I said that during the conversation, he was told that to rectify the situation, he just needed to increase his credit limit via Barclaycard's mobile application (app). Mr I did this and applied for his credit limit to be increased to £3,000 instead of the £5,800 that it was before the reduction. But this was rejected.

Mr I said that the call handler told him that someone would give him a call from the relevant department within 48 hours, as the call handler was unable to help him further. Mr I said he never received a call back. Mr I called Barclaycard back, but the call handler said that as he had been declined for the credit limit increase, he wouldn't be able to re-apply for another six months. Mr I was promised a call back again, this time within 24 hours. But again Mr I didn't receive a call back. Mr I made a complaint to Barclaycard.

Barclaycard said they had noted his feedback. They also paid Mr I £50 for not giving him a call back. Mr I brought his complaint to our service.

Our investigator did not uphold the complaint. He said that Barclaycard had notified Mr I by post that his credit limit would be reducing on 7 April 2021. As Mr I did not respond, this went into effect on 30 June 2021. He said the £50 that Barclaycard paid Mr I was reasonable and the credit limit reduction did not have a financial impact on Mr I.

Mr I asked for an Ombudsman to review his complaint. He made a number of points. In summary he said being able to speak to somebody about increasing his credit limit wasn't possible, he was promised several call backs, but he only received a call back once, he said he was promised three times a copy of the letter Barclaycard say they sent him in April, but he is yet to receive this, he wasn't told if he applied online for a credit limit increase, then he wouldn't be able to apply for an increase again for another six months (and he wouldn't have done this if he was aware of this) and he said he was told incorrect information about the credit limit reduction affecting his credit rating.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Mr I has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'll start by explaining that it's not the role of this service to say how a business should run their credit limit reduction process as this is a commercial decision, which falls outside of this service's jurisdiction. However, I've looked to see if Barclaycard have followed their own process in reducing Mr I's credit limit and I'm satisfied they have and that they haven't treated Mr I unfairly by reducing his credit limit by 96%, even if he doesn't see it this way. I'll explain why below.

Barclaycard have acted in line with their terms and conditions here. For changes relating to the credit limit (section 12 of the terms and conditions), Mr I would have agreed by accepting the terms and conditions that Barclaycard could reduce the credit limit based on an assessment of risk or his ability to repay and they could do so without notice. But they did give him notice here. And they used information from his credit file and determined they wouldn't be a responsible lender by keeping his credit limit the same as before the assessment.

Although Mr I says he didn't receive this letter, I've seen evidence from Barclaycard's systems that the letter was sent on 7 April 2021. I've also checked his registered address on Barclaycard's system. This matches up to the address detailed on the complaint form Mr I sent to this service. So I'm satisfied they did send Mr I this letter in April 2021.

While Mr I may not have received this letter, I can't hold Barclaycard responsible for any errors with the postal system. Even if Mr I did receive the letter and provide evidence of his income, there would still be no guarantee that Barclaycard would not still go ahead with the planned reduction as there are more factors than a customer's income which they base their decision on. I can see from Mr I's statements that his credit limit had changed several times since he was accepted for the card. Barclaycard would not be required to give a more detailed reason than lowering his credit limit due to their assessment of risk or his ability to repay, even though his credit limit had been reduced by 96% and the reason was very important to Mr I.

I've considered what Mr I has said about the credit limit reduction affecting his credit rating. But Barclaycard report the credit limit of an account as they are obliged to do so. Therefore, when they reduce a credit limit, they simply report the new limit and the corresponding balance. Barclaycard must report factual information relating to an account. The interpretation of this data by Credit Reference Agencies (CRA's) is outside of their control, as it would be subject to each CRA's scoring system. Ultimately, they haven't reported adverse information as a result of the credit limit reduction in the same way as they would report missed payments. So I can't say that Barclaycard have done anything wrong with the factual information they gave the CRA's.

I've considered what Mr I said about him not being able to speak to anybody about his credit limit. I asked Barclaycard why this is. They confirmed that this is because the decision to increase the limit after the deadline had passed would be automated. So even if Mr I was able to speak to somebody about this, all they could have done is input the details that he did into the computer and wait for a decision to be generated, the same as Mr I did himself online. So while Mr I may be under the impression that if he spoke to somebody about his credit limit, instead of being asked to do this through the app, he might have been able to get a higher credit limit than £250, I'm not persuaded this would have resulted in a different outcome, even if he was able to speak to someone about this when Barclaycard have told us the decision is automated.

I've thought about what Mr I said about him not being told that he wouldn't be able to apply for a credit limit increase again for six months if he applied on the app, and if he had been told that, then he wouldn't have applied for one on the app. Barclaycard have told me that is because there is technically no limit to how soon they can review a limit as each request is subject to checks, they however recommend waiting six months before a customer asks them for another review. This is because it increases the likelihood that a customer's circumstances may have changed.

But I've listened to six of the calls that Mr I had with Barclaycard. He was told a number of different things about the six month period. As Mr I was told different things, ranging from he couldn't apply again for a credit limit increase for six months, to him not being able to apply from six months of the June decrease (and not the attempted August increase) then he will have received incorrect information. As different call handlers were not clear about what Barclaycard's policy was in regards to applying for credit limit increases, this only further distressed Mr I as he wouldn't know who (if any) of the call handlers were giving him the correct information. The call handler he spoke to on 15 October gave the impression that the 9 August attempt to increase his credit limit on the app made no difference, as he wouldn't have been able to increase his credit limit until six months after they automatically decreased the credit limit. So I'm persuaded that the conflicting information here would have an impact on Mr I.

I've considered what Mr I said about being promised a copy of the credit decrease letter three times by Barclaycard, only for one not to be sent to him. I'd like to explain to Mr I that Barclaycard have told me they were unable to send Mr I a personalised copy of the letter as they don't store a copy of these letters on their customer's files. Barclaycard forwarded me a template of the letter they sent him. I asked our investigator to forward this template onto him. I listened to a call on 1 September where the call handler said that the complaint handler would send him this letter. It appears that there was an earlier call where this had been discussed also, although this call was not available for me to listen to.

So when Mr I did not receive the letter which he doubted Barclaycard sent him in the first place, this would have only added to his frustration of what happened since his credit limit had been reduced.

I asked Barclaycard why Mr I was promised a copy of the letter when they didn't have a stored copy of this. They said that receiving a copy of the letter wouldn't have changed the decision they already made to reduce his credit limit after the change had been made. While that may be true, Barclaycard set an expectation for Mr I that he would be receiving something from them. And when he didn't receive the letter, this would have further distressed him.

Barclaycard let Mr I down when they did not give him a call back when they said they would. They apologised for this and credited £50 to Mr I's account. But this wasn't the only time he was promised a phone call back and he didn't receive one. When Mr I originally spoke to Barclaycard on 9 August, the call handler clearly tells him he would receive a call back within 24-48 hours. As Mr I didn't get a call back, he rang them again on 11 August, shortly before the line closed that day.

I've listened to this call also. The call handler promises he would get a call back within 24 hours. But this didn't happen also. When Mr I speaks to Barclaycard two days later, he is told by the call handler that "you wouldn't get a call back in 24 hours" and the call handler ponders why Mr I was told this. So again, this would frustrate Mr I by being told incorrect/conflicting information by at least one of the call handlers.

I've considered whether the £50 compensation that Mr I received was fair for the events that

Mr I complained about. But I'm not persuaded it is and I'll explain why. Although I'm satisfied that Mr I was sent the letter in April by Barclaycard, when he rang them to discuss the credit limit decrease, I am persuaded that Barclaycard did let him down on a number of occasions. So I've considered what would be a fair amount of compensation.

I'm persuaded that an extra £100 would be fair, so Mr I would receive a total of £150. I'm satisfied that the extra £100 recognises the impact of the inconvenience and distress that Mr I suffered as a result of conflicting/incorrect information, at least two times they didn't call him back after saying they would and Mr I having to chase Barclaycard. I know Mr I will be disappointed I can't ask Barclaycard to increase his credit limit, but I hope the extra compensation will recognise the impact of Barclaycard letting Mr I down on a number of occasions. So it follows I intend to ask Barclaycard to put things right."

I invited both parties to let me have any further submissions before I reached a final decision. Barclaycard accepted my provisional decision. Mr I did not respond to my provisional 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.

As neither party have provided me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to ask Barclaycard to pay Mr I an extra £100 for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint in part. Barclays Bank UK PLC trading as Barclaycard should pay Mr I an extra £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 17 August 2022.

Gregory Sloanes
Ombudsman