

The complaint

Mrs H complains Creation Financial Services Limited reduced her credit limit from £5,600 to £500 with little reasoning and that they provided her with poor customer service.

What happened

Mrs H has a credit card with Creation. The credit limit was £5,600, but on 21 July 2021, she says she received a letter from them informing her that her credit limit had been reduced to £500 with little explanation apart from them mentioning they completed a recent review of her account. Mrs H checked her credit file and noticed a third party account showed a missed payment, so she contacted the third party company and she says this was rectified within 24 hours.

Mrs H says she contacted Creation requesting her credit limit to be restored to the previous limit, but she received an email to explain they had acted upon information from a credit reference agency (CRA) and their lending criteria and they did not increase the credit limit. She says she contacted them to let them know the third party account information had been rectified, but Creation said they would not increase her credit limit due to company criteria. Mrs H asked for a copy of their complaints procedure, but she says nothing was sent. In January 2022, Mrs H made a complaint to Creation, but she had no response, so she brought her complaint to our service.

Creation partially upheld Mrs H's complaint. They said that the decision to reduce the credit limit was based upon information they received from the CRA's and internal lending criteria and a number of factors were taken into account when decreasing her credit limit. They said given the information she provided regarding the notice of correction to her credit file, the credit risk team confirmed that they are happy to increase the credit limit again.

Creation apologised that Mrs H did not receive correspondence from them as requested. They said they received her letter on 21 September 2021, requesting a copy of their complaints procedure and the following day they responded, asking her to outline the concerns of her complaint, so they could log this and provide her with their complaints procedure within a complaint acknowledgement. They said as they received no response from her, no further action was taken. Creation said they received her letter dated 9 January 2021, however, this letter was not passed to the complaints department so they paid Mrs H £35 compensation for poor customer service.

Our investigator thought the £35 compensation was reasonable for poor customer service. He said Creation do not need to give a detailed explanation as to why the credit limit was reduced and he felt they didn't need to apologise for this as they weren't wrong for following their processes. He said that Creation made a commercial decision at their discretion to restore Mrs H's credit limit back to £5,600. He said Creation had acted within their terms and conditions in altering the credit limit.

Mrs H asked for an Ombudsman to review her complaint. She made a number of points. In summary, she said Creation had trashed her financial reputation and they refused to provide any explanation and they provided no apology for this. She said the apology they made

relates solely to their refusal to acknowledge her complaint. She said their final response letter contained contradicting information about increasing her 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.

Mrs H has made a number of points to this service and I've considered and read everything she'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 her complaint in deciding what's fair and reasonable here.

I must explain to Mrs H that complaint handling by a business isn't a regulated activity and as such, the issues she's raised that relate directly to how Creation have (or haven't) investigated her complaint, such as not providing a detailed reason of why the credit limit was reduced, do not come under my powers to consider.

I'd like to emphasise that this service is not the regulator. Nor do we act as the enforcer for the regulator. The regulator is the Financial Conduct Authority. Our service acts as an informal dispute resolution service for complaints about financial businesses. So I must be clear to Mrs H from the outset that I'm unable to instruct Creation to divulge the exact reason(s) why her credit limit was reduced, as this is a commercial decision for Creation to make and is business sensitive information.

In their final response letter to Mrs H, Creation say they reduced her credit limit based upon information they received from CRA's and internal lending criteria. As I've previously mentioned, Creation aren't required to give an exact reasoning for their decision to reduce a customer's credit limit. But the third party account may have been a factor in this, and/or Creation's own appetite for risk may have reduced. I know Mrs H believes they have trashed her financial reputation by reducing her credit limit. But as the amount of credit they make available for a customer is a commercial decision and is based on internal and external factors, they are entitled to reduce a credit limit when they regularly review the credit limits of their customers to see if they are still suitable.

I've considered what Creation's terms and conditions say about the credit limit as Mrs H would have needed to agree to these terms prior to the account being opened. They say that *"We will decide at Our discretion on the amount of credit We grant under this Agreement and will notify You in writing of the Credit Limit and of any sub-Credit Limits which may from time to time (as notified by Us to You) apply to Cash Advances and each part of this Agreement. We will notify You of changes to your Credit Limit in writing from time to time."*

So I'm satisfied that Creation made it clear that the amount of credit is decided at their discretion and that they would notify Mrs H of any changes to her credit limit from time to time. This is what they did here. They decided, at their discretion to lower the credit limit and informed Mrs H of this in writing, which she received.

I've considered what Mrs H has said about Creation not restoring the credit limit back to £5,600 when she made them aware of incorrect information on the third party account. But at the time Creation considered this information, they did not want to increase the credit limit. Based on the terms and conditions quoted earlier, I can't say that Creation did anything wrong by taking this action. Creation have since looked at Mrs H's request to increase her credit limit and their risk team were happy to increase the limit back to £5,600.

But this does not mean their original decision not to increase the credit limit was an error. Credit files generally take 4-6 weeks to update, so at the time Mrs H told them about the

third party account, her credit file may not have been showing the correct information (if this indeed was a factor in Creation reducing the credit limit). Or their internal lending criteria may have changed from when they first told her they wouldn't be increasing the credit limit back to £5,600, to when they did agree to do this. So I'm unable to evidence that Creation have acted outside of their terms and conditions here, and that is why I won't be asking them to apologise for reducing her credit limit and not increasing it when she first asked them to. I know Mrs H will be disappointed with this, but I hope she understands the reasoning for this.

Creation have paid Mrs H £35 for not responding to her. I'm persuaded this is fair for the poor customer service she had. I also agree with Mrs H that there appears to be contradictory information in the final response letter, but I'm persuaded this is an obvious human error. I say this as the final response letter does say they won't be increasing her credit limit, but the letter goes on to say their risk team have agreed to increase her credit limit. And they have since increased her credit limit to £5,600. So I'm persuaded the £35 recognises the poor customer service she was provided, and they apologised for this aspect of her complaint. But it follows I won't be asking Creation to do anything further here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 31 January 2023.

Gregory Sloanes
Ombudsman