

## **The complaint**

Mr J is unhappy because Bank of Scotland plc trading as Halifax won't reinstate his credit limit to £5000.

## **What happened**

Mr J requested to reduce his credit limit from £15,000 to £5000 on his banking app, but accidentally entered £500 on the request. He contacted Halifax about the mistake and was advised by an agent that the request hadn't been processed yet and that the credit limit would be set at £5000. The agent placed a note on the account to ignore the request to reduce the credit limit to £500.

Mr J received a notification of the reduction on his credit limit to £5000. He later received a notification about changes to his terms and conditions and when he logged in via the app he saw that his credit limit had been reduced to £500.

Mr J contacted Halifax and was told by an agent that they would get it resolved, but after speaking to the credit team, the agent said it wasn't possible and that Mr J would need to make a new application to increase the credit limit.

Mr J complained to Halifax. He said that because Halifax had made an error they should put things right by reinstating the credit limit.

In its final response, Halifax apologised to Mr J for the service issues he'd experienced and said the credit limit had been reduced to £500 by the back office team in error. Halifax offered compensation of £100 to Mr J for the distress and inconvenience caused. It said that Mr J would need to speak to the personal lending team about an increase to the credit limit, but that if Mr J chose to go ahead with this it would remove the credit search.

Mr J remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. They said they were satisfied that the follow up action of Halifax was a reasonable way to resolve the complaint.

Mr J didn't agree. He said his desired outcome was that his credit limit was reinstated to £5000.

## **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.

Halifax acknowledges that it made an error here. It has explained that although a note was placed on Mr J's account not to reduce the credit limit further as it had already been decreased to £5000, the note was overlooked by the back office team. Halifax also acknowledged that a text message which should have been sent to Mr J advising him that the credit limit had been decreased to £500 wasn't sent.

Halifax also acknowledges that although Mr J was advised by the credit team that if he raised a complaint the decision could be overridden and the credit limit increased without a review, this advice was incorrect and shouldn't have been given.

I understand that Mr J feels very strongly that because this was a bank error, his credit limit should be reinstated without the need for a review.

There's no dispute that the bank made an error. However, before extending credit, a lender is obliged to carry out an affordability check. This is why the personal lending team need to obtain personal / financial information from Mr J and carry out a credit check before it can consider increasing his credit limit back up to £5000.

I understand why Mr J is frustrated by this. However, I'm not able to require the bank to increase a credit limit or change its processes relating to credit limit increases. I can see that Halifax has agreed to remove any credit search carried out if Mr J decides to go ahead and speak to the personal lending team about having the credit limit increased. This will mean that there's no record of the credit search on Mr J's credit file.

Taking everything into account, I think the compensation already offered and the offer to remove any credit search is a fair and reasonable outcome to this complaint.

For the reasons I've given, I won't be asking Halifax to do anything further. I'm not upholding the complaint because I'm satisfied with the actions taken by Halifax to resolve it.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 March 2024.

Emma Davy  
**Ombudsman**