

## **The complaint**

Mr T complains NewDay Ltd reduced the limit on his credit card, but never told him why.

## **What happened**

In June 2023 Mr T was contacted by NewDay and told by them they were reducing his credit limit. Mr T explained he was, unfortunately, going through some difficult personal circumstances at the time, and said he's a vulnerable customer. He said the reduction in his credit limit affected him financially and his credit file is damaged as a result – he's explained the utilisation of his credit limit is now over 30% because of the reduction.

NewDay said as a result of a recent review, they'd reduced Mr T's limit from £5,200, to £1,600 on 6 June 2023. NewDay explained they regularly review customers credit limits, and sometimes as a result of these reviews may reduce someone's credit limit. In the future they may be able to consider increasing the limit again, but overall didn't think they'd done anything wrong.

Unhappy with this, Mr T asked us to look into things. One of our Investigators did so and found overall NewDay hadn't done anything wrong.

Mr T disagreed with this, saying the Financial Conduct Authority's (FCA) rules on vulnerable customers meant NewDay shouldn't hurt or place further pressure on him. So, the complaint's been passed to me to decide.

## **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'll firstly consider the terms and conditions of Mr T's account – to see whether NewDay are allowed to do what they've done. And, if they are, then I'll consider whether they should have done.

The terms and conditions say, under '*Can we refuse to authorise a transaction, suspend your account or decrease your credit limit*' that NewDay can reduce Mr T's limit - and then lists out multiple reasons. One of those reasons is if they consider Mr T wasn't using his account regularly. NewDay have provided statements to show Mr T wasn't using his account regularly before the limit was reduced.

So, in the circumstances, I think NewDay were allowed to reduce his limit. But just because NewDay can do this, doesn't mean they should, so I need to consider whether this was a fair decision in light of Mr T's circumstances.

Mr T has said he should be considered vulnerable in line with the FCA's guidance. I've taken account of the personal circumstances Mr T has told us and accept it's reasonable for him to be considered vulnerable under the FCA's guidance. But that doesn't automatically mean NewDay have treated him unfairly.

Taking into account the guidance, I've thought about what Mr T has told us. When he brought his complaint to our service, he told us his credit card utilisation was now over 30% due to the reduced credit limit on this credit card. While I accept this will be frustrating, generally it's a commercial decision for a lender to decide how much credit they're prepared to provide someone. That isn't something our service would generally interfere with, and I'd need to be satisfied there are quite exceptional circumstances to do so.

I don't doubt Mr T's credit file being impacted because his credit utilisation has increased is frustrating. But, as NewDay are allowed to reduce his limit, and nothing he's told us about his circumstances suggest they've treated him unfairly, I won't be upholding his complaint.

### **My final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 March 2024.

Jon Pearce  
**Ombudsman**