

## **The complaint**

Mr L has complained that Barclays Bank UK PLC, trading as Barclaycard ("Barclays"), didn't reduce the credit limit on his credit card when his circumstances changed and his credit score dropped significantly in January 2023. The limit was reduced some months later after he had paid off the balance.

## **What happened**

Mr L took out a credit card with Barclays in November 2014, with an initial credit limit of £150. The credit limit was increased six times between November 2014 and March 2019, after which it was £2,250. The issue of the card, and the subsequent credit limit increases, are not the subject of this complaint and are noted only to state the account history.

Mr L said his circumstances worsened and his credit score deteriorated in January 2023, and that he entered a Debt Management Plan (DMP) in around March 2023. He is unhappy that Barclays didn't reduce his credit limit at this point – and indeed didn't do so until he had paid off the outstanding balance - and that it continued to allow him to use the account at this high limit and therefore charge a high amount of monthly interest.

Mr L complained to Barclays about this. Barclay responded to say that it hadn't been aware of Mr L's financial difficulties, and it told Mr L that it did not uphold his complaint. Mr L then brought his complaint to this service. Our investigator looked into it but didn't think it should be upheld. Mr L didn't agree and asked for it to be reviewed by an ombudsman.

## **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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website, and I've taken this into account here.

I've decided not to uphold Mr L's complaint. I'll explain why.

As I noted above, this complaint is solely about Mr L's credit limit not being reduced when he thought it should have been, so I have not looked into the issue of the card or the various credit limit increases.

Barclays sent in copies of its computer records of Mr L's account and his monthly statements. Mr L sent in a copy of his credit record from one of the credit reference agencies, up to mid-2023.

Looking at the credit record, I can see that it shows credit commitments comprising three credit cards (one of which is the card that is the subject of this complaint) and a loan. There is also Mr L's current account, and another agreement that I think is most likely a mobile phone contract. The only agreement that shows some missed payments is the loan contract.

Mr L had mentioned he was in a DMP, but from the evidence I have I think it's unlikely that he was in a formal DMP, which would normally be arranged through a debt advice provider as the result of a consumer being unable to make all of the required payments on their non-priority debts (generally those other than mortgage or rental payments, council tax and utility bills). Had Mr L been in a DMP, I would've expected this to be reflected on his credit history, which it was not, and Barclays to have been notified. There is no such notification on the account notes Barclays sent in.

What I think is more likely is that Mr L had agreed a repayment plan with his loan provider to deal with the missed payments on his loan. There were two missed loan payments shown in December 2022, but this had reduced to one in March 2023, when Mr L said he had entered into the plan.

The account notes provided by Barclays don't show any record of Mr L making contact to say he was in financial difficulty. Barclays told us that it monitors its customers' accounts and other borrowing commitments on a monthly basis, using credit reference agency data, to determine whether the credit limit can be afforded alongside their other commitments. Barclays further said that it did not use the credit scores Mr L referred to as they are figures provided by credit reference agencies using their own metrics, and differ between agencies.

Barclays said that Mr L's account had been well run since it was opened. In March 2023, it had an indication that Mr L had increased his borrowing. And in August 2023 it received an alert from a credit reference agency about Mr L's circumstances that led it to notify him that it would be reducing his credit limit. However, Barclays told us this didn't go ahead because of the balance on the card, as it would unfairly have put him in the position of being over his credit limit. This would have had implications for his credit record and affected the required payments on the card. I can also see that the balance on the card had been near to the credit limit from December 2022 onwards, although this in itself was not unusual – I can see from earlier statements that Mr L had made full use of the credit limit in the past. So I think the same considerations would have applied even if Barclays had considered reducing Mr L's credit limit at an earlier stage.

Having carefully considered all of the evidence, I don't think Barclays has acted unfairly here. I say this for the following reasons.

I've no evidence that Mr L contacted Barclays to say that he was in financial difficulty. Although Mr L's credit report shows two missed loan repayments as at December 2022, I've kept in mind that there can be a time lag in credit reference agency information being updated, so I don't know exactly when this would've appeared in the data used by Barclays. I also have no information about the circumstances of Mr L's difficulties, or why he missed those repayments, but I note that he did not miss any repayments on his other credit commitments.

I don't think it was unreasonable of Barclays to maintain the credit limit after its data showed an increase in Mr L's borrowing in March 2023, given his previous good record of managing his credit card account. An increase in borrowing does not necessarily indicate financial difficulties. And Barclays attempted to take action in August 2023 – as far as I can see this was when it first reasonably knew of a problem - when it received an alert from one of the credit reference agencies, but it did not proceed as it would've caused detriment in terms of putting Mr L's account over a reduced credit limit. I think this was reasonable on Barclays' part.

I do understand that Mr L feels strongly about this, but because I don't think Barclays has acted unfairly, I have decided not to uphold his complaint.

**My final decision**

For the reasons I've explained, I've decided not to uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 28 April 2024.

Jan Ferrari  
**Ombudsman**