

The complaint

Mr D complains Barclays Bank UK PLC trading as Barclaycard reduced the credit limit on his credit card.

What happened

Mr D held a credit card with Barclaycard for many years. In August 2022, Barclaycard wrote to Mr D saying it was reducing his credit limit from nearly £13,000 to £250.

Mr D complained. He said the decision to reduce his credit limit so significantly was unfair. He raised concerns that this was based on a disputed transaction Barclaycard had failed to deal with in a prompt manner. Had Barclaycard resolved this dispute, Mr D says he doesn't think the limit of his account would have been reduced.

Barclaycard doesn't agree it's done anything wrong. It says the decision to reduce Mr D's credit limit was in line with the terms and conditions of the account and was due to Mr D's payment history. Barclaycard recognises that the level of service it provided could have been better and paid £25 for any inconvenience caused.

Mr D remained unhappy and referred his complaint to this service. One of our Investigators looked into things and didn't think Barclaycard had done anything wrong. He said Barclaycard was entitled to reduce the limit of Mr D's credit card and he thought this had been correctly actioned.

Mr D remained unhappy, highlighting that but for Barclaycard's poor handling of the disputed transaction, he doesn't think his credit limit would have been affected. So, Mr D's complaint has 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.

Having done so, while I appreciate this answer may come as a disappointment to Mr D, I've reached the same conclusion as our Investigator for broadly the same reasons. I haven't found Barclaycard made an error or acted unreasonably in reducing the limit on his credit card. I've explained why below.

Barclaycard as with all lenders is entitled to decide how much it's willing to lend its customers and these decisions are based on numerous factors including what it knows about that customer and the risk appetite of the bank. Alongside this, Barclaycard has a duty to ensure it's acting as a responsible **lender**, including amending limits when appropriate.

The terms and conditions of Mr D's credit card account set out Barclaycard will review the credit limit from time to time and that it may decide to reduce the limit, based on a risk assessment.

In Barclaycard's response to Mr D's complaint, it explained that a number of factors can influence its decision to amend a credit limit and due to his recent payment history, it had decided to reduce Mr D's credit limit in August 2022.

In reviewing Mr D's statements, I understand he made a payment in June 2022, clearing the balance from his May statement (which included the transaction he'd disputed). However, the minimum payment then wasn't made for the following months, meaning the terms of the agreement had been breached. As a result, I don't think it was unreasonable for Barclaycard to then review Mr D's credit limit, consider whether it was appropriate against its lending policies and consequently decide to reduce the amount it was willing to lend to Mr D.

I note the reduction in limit was significant, but this is a decision Barclaycard was entitled to make, and the decreased limit wasn't below Mr D's borrowing on the credit card at that time. So, I don't think Barclaycard treated Mr D unfairly by taking these steps.

Mr D has raised concerns that Barclaycard's delay in responding to his concerns about a disputed transaction was a factor in the limit reduction, but I haven't seen anything to suggest that was the case. While Mr D disputed the transaction, he looked to mitigate the impact of this by paying off the balance on his credit card in full in June 2022, including the disputed transaction.

While Barclaycard acknowledged it should have investigated Mr D's concerns about the transaction sooner, it didn't do this until October 2022, two months after the decision to reduce his credit limit. So, I haven't seen anything to suggest that the disputed transaction or Barclaycard's delay in acknowledging this influenced its decision to reduce Mr D's credit limit.

In addressing Mr D's complaint, Barclaycard acknowledged it could have better dealt with his concerns and paid £25 for any inconvenience caused. In considering what happened, I think this was reasonable as while I don't think Barclaycard was wrong to reduce the limit of Mr D's credit limit, it's clear he wanted to better understand why this had happened.

In conclusion, while I appreciate this may not be the answer Mr D is hoping for, I don't think Barclaycard needs to do anything further. It was within its right to review and reduce Mr D's credit limit and I haven't seen anything to say it acted unfairly in do so. While Barclaycard didn't deal with a disputed transaction in a timely manner over the same period, I haven't seen anything to say this impacted Barclaycard's decision to reduce the credit limit. Barclaycard has paid £25 to apologise for an inconvenience caused which I think is fair in the circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 February 2025.

Christopher Convery
Ombudsman