

The complaint

Mr O complains that Barclays Bank UK PLC trading as Barclaycard unfairly reduced his credit limit on his credit card account.

What happened

In November 2023, Barclaycard told Mr O it would be reducing his credit limit on his credit card account from £700 to £550. And in January 2024, it reduced the credit limit to £300. Unhappy with the credit limit reductions, Mr O raised a complaint.

Barclaycard explained it regularly reviews accounts to make sure it is lending responsibly and the credit limits it offers is right for customers. Following a review of Mr O's account, it felt the information on his credit report was outside Barclaycard's credit policy guidelines. It also referred Mr O to the credit reference agencies so he can check his report.

Our investigator looked into matters and didn't uphold the complaint. They felt Barclaycard was entitled to reduce Mr O's credit limit. Mr O disagreed. He said he has an exemplary record with Barclaycard, and it doesn't like that he pays his balance in full each month. He also raised concerns about his cashback rate being reduced from 1% to 0.5% and that he feels Barclaycard is using the cashback incentive to entrap people into paying higher interest rates.

The investigator issued another assessment and explained Mr O's complaint about the cashback rate being reduced wasn't one our service could consider because it was raised too late. They reviewed his concerns about the cashback incentive being used to entrap people into paying higher interest rates and felt Barclaycard didn't do anything wrong as it is entitled to set benefits to attract customers as it sees fit.

Following communication with the investigator, Mr O confirmed his complaint is about the credit limit reductions. And didn't ask for his concerns about the cashback rate reducing to be reviewed further. On 6 December 2024, the investigator explicitly asked Mr O to let us know by 13 December 2024 if he wanted us to consider the cashback rate reduction, but he didn't reply. The investigator then followed this up on 16 December 2024. As we didn't receive a response from Mr O, this decision will only address his complaint about his credit limit being reduced and his concerns that the cashback element is a way to entrap customers into paying higher interest rates.

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 want to make clear I won't be addressing some of Mr O's previous credit limit reductions as our service has already dealt with them. In this decision, I can only consider whether Barclaycard acted fairly in reducing the credit limit in November 2023 and January 2024.

As the investigator explained, we're not the regulator. We can't tell a business to offer lending to a customer or how much it should lend. A business can set their own policies and procedures, this is their commercial decision to make. But I can decide whether Barclaycard has treated Mr O fairly in all the circumstances of the complaint.

I've carefully reviewed the terms and conditions of Mr O's credit card account, which he would have agreed to. It states, "*We set your credit limit according to your circumstances, your account usage and history, information from other parts of the Barclays group, information we receive from credit reference agencies, and any other information we think is relevant.*" It also explains, "*If we reduce your credit limit based on an assessment of risk or your ability to repay, we have the right to not give you any notice beforehand if we think this would not be appropriate...*"

Barclaycard has explained the information on Mr O's credit report didn't meet its credit policy guidelines. I know Mr O doesn't think the credit limit reduction is justified and has referred to his good repayment history with them. However, this doesn't mean it wouldn't carry out regular reviews and consider how he's managed other debt or his finances against its internal criteria. Given Barclaycard has a duty to lend responsibly and had concerns about information it received from credit reference agencies, I'm satisfied it has acted in line with the terms and conditions of Mr O's credit card account in reducing his credit limit.

I do understand Mr O's frustration that Barclaycard has continued to reduce his credit limit. I've seen its system notes which show it informed him of the changes to his limit in November 2023 and January 2024. Whilst I appreciate Mr O's concerns about the credit limit reductions to his account, Barclaycard can exercise its commercial discretion when deciding what limit it feels is appropriate. And in line with the terms and conditions of Mr O's account, the limit can be reduced as the account is paid down so the present balance doesn't exceed the credit limit. Therefore, I can't say Barclaycard has made an error in how it has reduced Mr O's limit.

I note Mr O believes the reduction is due to Barclaycard not profiting from his account, as he clears his balance every month. But Barclaycard has provided a clear reason for its decision in its final response. It has also shown our service that it reviewed its decision again in February 2024 and reached the same outcome. So I'm not persuaded Barclaycard has acted unfairly or unreasonably.

Mr O has also said Barclaycard is using cashback to entrap people into paying higher interest rates. Cashback is an incentive Barclaycard offers to customers, which it is entitled to do, along with the interest rate it sets. Ultimately, if customers repay the balance in full, they won't incur interest. Therefore, I haven't seen anything to suggest Barclaycard has done anything wrong here.

Mr O has also mentioned Barclaycard failed to provide him with a list of his transactions despite his request. Barclaycard has confirmed it hasn't received a complaint about this. So if Mr O is unhappy with this, he needs to raise it with Barclaycard first before we can investigate matters.

I recognise Mr O feels strongly about this complaint and will be disappointed with my decision. But for the reasons given, I won't be asking Barclaycard to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 21 February 2025.

Tania Henry
Ombudsman