

The complaint

Mrs E complains about the way that Barclays Bank UK PLC, trading as Barclaycard, reduced the credit limit on her credit card account.

What happened

Mrs E has a Barclaycard credit card account on which the credit limit was reduced from £1,000 to £550 in March 2024. She says that she had no prior warning and she'd been paying extra money into the account so that she could pay for a hotel that she'd booked. Mrs E complained to Barclaycard about that but it said that it had found no evidence of an error. It said that the correct process was followed and that it had acted in accordance with the terms and conditions of the account. It also said that the account was set up for online delivery of statements and documents and a letter about the credit limit reduction was made available for her to view.

Mrs E wasn't satisfied with its response so she complained to this service. Her complaint was looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld. He was satisfied that the terms and conditions of the account entitled Barclaycard to decrease the credit limit in the way that it did and that it notified Mrs E of the change so he said that he couldn't reasonably say that it had done something wrong or needed to take any corrective action.

Mrs E didn't agree with the investigator's recommendation and asked for her complaint to be considered by an ombudsman. She says that: Barclaycard never sent her a notification to advise her of a really important document that was ready for her to view so she didn't know that it was there and the first that she knew of the decrease was on the Saturday when she saw the new balance; it's strange that Barclaycard reviewed her account when she'd paid off almost half the balance and reduced her credit limit within one working day; she doesn't feel that this is fair banking - if Barclaycard was concerned about her account and affordability, it should've contacted her sooner and offered help; and this situation put her in further financial difficulty.

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.

The terms and conditions of Mrs E's account say:

"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. (However, we may choose to give you up to seven days' notice). We won't reduce your credit limit to less than your total outstanding balance, plus any transactions authorised but not yet charged to your account".

Barclaycard says that it can reduce a credit limit at any time without prior warning if it feels it's necessary and Mrs E had exceeded the £1,000 credit limit on her account on numerous

occasions. It says that it wants to set credit limits that it feels its customers can afford so the decision was made to reduce Mrs E's limit to £550. It's a commercial decision for Barclaycard to decide on the appropriate credit limit for a customer and I'm not persuaded that it acted incorrectly when it decided to reduce Mrs E's credit limit.

Barclaycard put a letter in the "My Documents" section of Mrs E's online banking platform on 28 February to say that it was lowering her credit limit to £500 on 1 March, two days later – (the letter said £500 but her credit limit was actually reduced to £550). I've seen no evidence to show that it sent a notification to Mrs E to let her know that there was a document that she needed to read in "My Documents" or made her aware of it in any other way. But Mrs E says that she became aware of the credit limit increase on the Saturday (which would have been 2 March 2024). Although it would have been better if she'd been able to read Barclaycard's letter before her credit limit was reduced, she became aware of the reduction soon after it had been made.

Mrs E's account statement show that the monthly balances from October 2023 to January 2024 were £1,015.64, £1,009.49, £1,029.75 and £1,0121.62 and in those months she'd made payments of £469, £348.16, £149 and £200 to her account and had paid interest and charges of £21.80, £23.95, £30.42 and £23.62.

Barclaycard has the right to reduce a credit limit and has the right to do so without notice if that would be appropriate. But its terms and conditions say that it may choose to give up to seven days' notice. Mrs E's credit limit was being reduced from £1,000 to £550 and I've seen no reason why Barclaycard was only able to give her two days' notice of that, and if it had given her more notice of the reduction of her credit limit, that might have reduced the distress and inconvenience that she was caused.

Mrs E has described the distress and inconvenience that the reduction caused her but she would have suffered much of that distress and inconvenience even if she'd been given more notice of the reduction. She says that Barclaycard offered her £25 and an apology when she complained to it, but she declined its offer. I consider that £25 compensation and an apology was a fair and reasonable response to Mrs E's complaint but she declined that offer.

Mrs E says that if Barclaycard was concerned about her account and affordability, it should've contacted her sooner and offered help. But the letter that it put in "My Documents" said that she should phone it on a number that was set out in the letter if she'd like to talk to it about the changes to her account. She did contact Barclaycard but it seems that that was to complain about its decision to reduce her credit limit and she didn't tell it that she was experiencing financial difficulty and didn't ask it for any other help. The letter also provided her with information about other places where she could get help and advice on how to manage debt.

I'm not persuaded that Mrs E's complaint should be upheld and I find that it wouldn't be fair or reasonable for me to now require Barclaycard to take any action in response to her complaint.

My final decision

For these reasons, my decision is that I don't uphold Mrs E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 3 October 2024.

Jarrold Hastings
Ombudsman

