

The complaint

Miss D is unhappy National Westminster Bank Plc (NatWest) didn't increase her credit card limit and that they didn't give her an explanation as to why.

What happened

In March 2024, Miss D requested a credit limit increase from NatWest, but this request was declined. NatWest told us the new credit limit request was for £9,000.

Miss D says NatWest told her she didn't meet their parameters and criteria for the increase, but that they haven't told her how or why she hasn't met these. Miss D says her finances and credit history is impeccable, her credit rating on NatWest's app is rated as 'excellent' and that she has banked with NatWest for many years without any issues. Miss D says she's frustrated NatWest aren't providing further information and an explanation.

Miss D says to put things right, she wants NatWest to increase her credit card limit and for NatWest to put in writing the specific details of the criteria and parameters they claim she hasn't met.

NatWest explained Miss D's request for a credit limit increase was declined because she didn't meet the criteria for her credit card account after considering internal checks, repayment criteria and parameters. NatWest also explained that they conduct routine inspections and monitor customer behaviour and activity during the previous several months when making a decision about credit limit increases.

Miss D remained unhappy, so she brought her complaint to our service. One of our Investigators considered Miss D's concerns and said while it's not expected for lenders to disclose the exact reason why a credit limit increase has been declined; we do expect lenders to be able to show they've reached their decision fairly. And that having considered the information provided by NatWest as well as their considerations of their internal lending criteria, our Investigator said he hadn't seen anything to show Miss D had been treated unfairly.

Miss D disagreed. She asked how our Investigator was able to reach this conclusion when NatWest hadn't disclosed their lending parameters and criteria, which Miss D says they should be able to do.

Our Investigator shared with Miss D the information provided by NatWest that he used when reaching his view. But he redacted the commercially sensitive information. The information available showed NatWest said the new credit limit would stretch Miss D's finances and that they were concerned about Miss D's ability to meet the repayments and ultimately pay down an increased balance over a reasonable period of time.

Miss D said she felt providing redacted information puts her at a disadvantage as it doesn't allow her to correct or provide additional evidence that would dispute NatWest's reasoning for the decline. Miss D reiterated that there were no issues with her financial and credit history and that she didn't feel the credit limit increase would stretch her finances. Miss D

also asked what evidence NatWest had to support their concerns about her ability to meet repayments given her credit card balance is and always has been paid in full every month. As Miss D disagreed with our Investigators view, she asked for an Ombudsman's review. So, the 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.

I can understand Miss D's frustrations – she wants to know more about why NatWest have declined her request to increase her credit limit and she feels NatWest's decision is unfair. It's my role to decide whether NatWest have acted unfairly towards Miss D and I can't say that they have. I'll explain why.

The Standards of Lending Practice set out by the Lending Standards Board says that if a customer's application for credit is declined, a firm should explain the *main* reason for refusing to lend, which I think NatWest have done. I say this because the reason NatWest gave to Miss D was that she didn't meet their criteria following internal checks and the repayment criteria. And I'm satisfied this is NatWest providing their main reason.

I've had a look at NatWest's terms and conditions which explain that before agreeing to a credit limit increase, they will assess a customer's ability to pay. NatWest explained to Miss D that she didn't meet their criteria, following a credit worthiness assessment. NatWest also said that they considered the impact the new credit limit may have on Miss D's finances when this assessment was carried out. So, I'm satisfied NatWest have acted in line with their terms and conditions.

I appreciate Miss D disagrees with what NatWest have said about why they declined her credit limit increase request, but I don't think they need to say more. Nor do I think they need to tell Miss D exactly what the criteria is or precisely why she doesn't meet it. Ultimately, it's a commercial decision for NatWest to make - and I've seen nothing to suggest I should interfere with their decision. I can appreciate Miss D is disappointed, but it's for NatWest to decide whether or not to increase her credit limit. NatWest have given Miss D the main reason for their decline which is what they're expected to do.

Additionally, it's for NatWest to decide their appetite for risk and the parameters they use to assess that risk. I've not seen evidence that NatWest has treated Miss D unfairly, so I won't be asking them to put matters right.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 4 November 2024.

Leanne McEvoy
Ombudsman