

The complaint

Mr H complains that Creation Financial Services Limited decreased the credit limit on his credit card.

What happened

Mr H holds a credit card with Creation.

On 8 May 2024 Creation decreased the credit limit on the card to £800 and sent a letter to Mr H informing him of this.

On 11 May 2024 Mr H tried to pay for petrol using the card but it was declined. He contacted Creation, who advised him that the credit limit had been reduced and that he'd reached his credit limit. Creation advised Mr H that it had sent him a letter, but Mr H hadn't received it.

Mr H received the letter advising him of the credit limit reduction on 16 May 2024. He complained to Creation.

In its final response dated 4 July 2024 it said it regularly reviewed customers credit limits as part of its commitment to responsible lending. It said the credit limit on Mr H's card had been reduced based on information it received from the credit reference agencies. Creation acknowledged that Mr H's card had been declined on 10 May 2024 and that he would not have been aware of the credit limit decrease at this time. It awarded £50 compensation in recognition of the inconvenience caused.

Mr H remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that the credit limit had been reduced in line with Creations criteria.

Mr H didn't agree. He said he'd held an account with Creation for many years and had always paid in full. He said it wasn't fair to reduce the credit limit from £7000 to £800 with no explanation.

Because Mr H didn't agree I've been asked to review the complaint.

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 know that it will disappoint Mr H, but I agree with the investigators opinion. I'll explain why.

I've reviewed the terms and conditions of the account. These state that Creation can change the credit limit from time to time.

Creation – as with other providers of credit – has the right to review credit limits from time to time. This is in line with their obligation to make sure that they are lending responsibly. When

carrying out a review, Creation looks at information obtained from the credit reference agencies, as well as its own internal lending criteria.

The exact reason for the decrease to Mr H's credit limit is business sensitive information, so I'm not able to disclose it. However, I've reviewed the information provided by Creation which explains the reason for the credit limit decrease, and I'm satisfied that Creation followed its criteria. I haven't seen any evidence to suggest that the criteria were applied unfairly to Mr H.

I appreciate that Mr H has been a customer of Creation for many years. He says that he's always paid in full and on time and that he has a perfect or near perfect credit score. I'm not in a position to agree or disagree with Mr H in this respect. However, I can see from the information provided by Creation that the decision to reduce the credit limit wasn't solely based on Mr H's credit score or how his account had been managed. There are a number of other factors that are taken into account when reviewing a credit limit.

Taking all the information into account, I'm unable to say that Creation made an error or treated Mr H unfairly when it reduced the credit limit. Creation has followed its criteria and has the right to decrease the credit limit under the terms and conditions of the account.

It's unfortunate that Mr H didn't receive the letter advising him of the credit limit decrease before he tried to use the card and it was declined. I appreciate that this situation would've caused Mr H distress and embarrassment. Creation has acknowledged this and has paid compensation of £50, which I think is a fair and reasonable amount and in line with what this service would award.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 January 2025.

Emma Davy
Ombudsman