

The complaint

Mr D complains that Grattan Plc changed the terms of the Running Account Credit agreement he has with it without telling him and decreased his credit limit.

Mr D also adds that he has had to pay interest on goods he purchased that are faulty.

What happened

Mr D has a credit account with Grattan. Mr D says that he had received letters relating to persistent debt. And then when he checked his account later in 2022, he noticed that his credit limit had been decreased from £800 to £700.

Mr D says he was told that if he increased his repayments for five months, then it would review his credit limit again and increase it. Despite making increased payment amounts, Grattan didn't agree to increase Mr D's credit limit.

Mr D also added that Grattan had charged him interest on some goods he purchased using the account that were faulty.

Grattan responded to Mr D's complaint, but it didn't uphold his concerns. Grattan referred to a webchat it says Mr D had with it, where it said it had decreased Mr D's credit limit in line with its persistent debt process to avoid Mr D getting into long-term debt. It said that Mr D had agreed to increased repayments of £31 for 18 months. And if the arrangement wasn't stuck to, Grattan said it would suspend the spending facility on the account. It said Mr D's payments had fallen short of £31 per month and so it had suspended the use of the facility, until his balance was below £200. It highlighted that Mr D had fallen behind with his repayments. It also noted Mr D's concerns about faulty goods he had received.

An Investigator considered what both parties had said, but they didn't uphold Mr D's complaint. Overall, they were satisfied that the action Grattan took in reducing Mr D's credit limit while he was in persistent debt was fair. And they were satisfied that Mr D hadn't kept up with the increased repayments during the 18 month period, so it was fair of it to have suspended the account.

Mr D didn't agree with the investigators view. He said he had paid interest on faulty items over the course of when they were in his possession to when they were returned. Mr D says he didn't take part in a webchat, and he hadn't received any letters from Grattan either. He also added that he had spoken to Grattan over the phone where he agreed to increased repayments for a few months, and not 18 months.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 considered everything available to me, I won't be upholding Mr D's complaint.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr D's complaint in significantly less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Mr D's account went into persistent debt. That's because he had paid more in interest and charges than he had towards the capital balance owed his account. Grattan say it sent Mr D letters about this, however Mr D disputes this.

Mr D noticed in 2022, that his credit limit had decreased. Grattan said it did this because his account was in persistent debt and that action it took was in line with its policy on the matter. I understand that Mr D was particularly unhappy about this, however I don't think it is unfair or unreasonable of Grattan to have decreased Mr D's credit limit in this scenario. Mr D was in persistent debt, and Grattan took action to stop the situation getting worse by reducing the amount he could borrow. This doesn't seem unreasonable. Grattan weren't required to give Mr D prior notice of the credit limit decrease, and so again, I don't think it has acted unfairly here.

Grattan later suspended the spending facility on Mr D's account. It said that was because Mr D agreed to increase his repayments to £31 a month for 18 months, and because he didn't do this, it suspended the use of the account. Grattan sent this service evidence of a webchat it says took place where this was agreed. Looking at the webchat, I think it is clear that Mr D agreed to make payments of £31 for 18 months.

Mr D says the webchat didn't happen, and this is false evidence that has been produced by Grattan. He says a phone call took place where it was agreed he paid £31 for a few months. However, Grattan can't find any evidence of this call taking place.

It's difficult to know what happened here, given that Mr D is disputing the evidence Grattan has sent. And there is no record (from either party) of the phone call taking place. That being said, regardless of what was or wasn't agreed, Mr D's account was in a position of persistent debt, and he didn't pay enough to get it out of persistent debt, and so I don't find that it was unfair of Grattan to remove the spending facility from the account or decrease the credit limit. I would have expected Grattan to have taken this type of action in these circumstances to prevent the account from getting further into persistent debt.

Mr D has also referred to the interest he paid on purchases that were faulty. I can see Grattan did look into this, but it couldn't see it had done anything wrong in relation to more recent purchases Mr D had made. It seems that the purchases Mr D is referring to are historical. And from what I've seen, I don't think Grattan have had the opportunity to investigate the specifics of Mr D's complaint about this. So, I haven't considered this as part of this decision as Mr D will need to complain to Grattan about this first – while providing it with specific information about which purchases he is referring to.

My final decision

For the reasons set out above, I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 March 2025.

Sophie Wilkinson
Ombudsman