

The complaint

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

What happened

In October 2024, Barclaycard made the decision to reduce the credit limit on Mr G's credit card account from £3,400 to £600. It said this was because of information it received from a credit reference agency (CRA).

Mr G asked Barclaycard to reconsider its decision. He said adverse information was recorded in error by a merchant after a payment was missed through no fault of his own. He provided an email from the merchant, who confirmed it had made an error and that any resulting marker on his credit file should be removed. He also provided confirmation from a CRA that the marker had been removed.

Barclaycard referred Mr G's account to its underwriters to review the decision on three occasions. Each of these were unsuccessful, and Barclaycard said there was still adverse information on Mr G's credit file. It said it could reconsider the decision again in six months.

Unhappy with Barclaycard's decision, Mr G referred a complaint to this service. He said he had a perfect credit score and was a longstanding customer of Barclaycard with an impeccable payment record. He couldn't understand why Barclaycard refused to reinstate his credit limit. He wanted Barclaycard to reverse its decision and apologise for how it had treated him.

One of our Investigators considered Mr G's complaint but didn't uphold it. They said Barclaycard was entitled to reduce Mr G's credit limit at any time, and they didn't think it had done so unfairly in this case. Mr G didn't agree and asked that his complaint be referred to an Ombudsman for a final decision. 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 appreciate it would have come as a disappointment to Mr G to find out his credit limit had been reduced and wouldn't be reinstated – especially after a merchant confirmed it had recorded adverse information on his credit file in error. As a lender, Barclaycard can set its own policies and criteria to decide how much it's willing to lend – and this isn't something I can interfere with. But I've considered whether Barclaycard treated Mr G fairly, or whether it otherwise made an error when reducing his credit limit.

The account terms outline the following:

"6. Credit limit

We'll tell you what your credit limit is when we first open your account. We'll then review it from time to time. If we change your credit limit, we'll write to let you know.

(...)

Managing your credit limit

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."

Based on this, I'm satisfied Barclaycard was entitled to review and reduce Mr G's credit limit. And it wrote to Mr G to tell him about the change before it took place. Because Mr G didn't agree with Barclaycard's decision – and provided evidence to suggest that adverse information was recorded in error – it referred the appeal to an underwriter for a manual review.

Three manual reviews were undertaken at Mr G's request, but following each review the underwriter remained satisfied that – based on the information on Mr G's credit file – he didn't meet Barclaycard's criteria to reinstate the limit. By carrying out a manual review, I think Barclaycard took reasonable steps to reassure Mr G that it had correctly reviewed his credit limit in line with its process.

Barclaycard has provided details of the reviews carried out by its underwriter and the information it relied on when making its decision. I'm unable to share this information with Mr G, as it's commercially sensitive – but I'd like to assure him that I've carefully considered it. Having done so, I haven't seen anything to suggest Barclaycard made an error when reducing Mr G's credit limit – or that it ought to have reinstated the limit following his appeal. I'm satisfied Barclaycard correctly followed its process by relying on information it had received from the CRA.

Mr G says his credit score is perfect and any adverse data has been removed. He says he's a longstanding customer of Barclaycard – so doesn't understand why it would refuse to reinstate his credit limit. Barclaycard – like all lenders – sets its own criteria to determine how much it's willing to lend. This can take into account a wide range of information, including the level of risk it wishes to take on. A credit score visible to customers doesn't necessarily account for all the information a lender might rely on. So, Mr G having a perfect credit score doesn't automatically mean he will meet Barclaycard's lending criteria or qualify for a certain credit limit – even if he was previously given that limit.

I appreciate this will come as a disappointment to Mr G, but I haven't seen anything to suggest Barclaycard treated him unfairly or made an error when reducing his credit limit or declining his appeals. So I won't be requiring Barclaycard to reinstate the limit or take any further action.

My final decision

My final decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 March 2025.

Stephen Billings
Ombudsman