

The complaint

Mr R complains that Barclays Bank UK PLC trading as Barclaycard unfairly reduced his credit limit.

What happened

In early November 2024, Barclaycard wrote to Mr R to say that it was reducing his credit limit from £14,150 to £1,850, following a review and after checking with the credit reference agencies (CRAs).

Mr R contacted Barclaycard to find out what had happened. He says that members of staff at Barclaycard agreed the decision to reduce his limit seemed perverse given his financial standing and payment history. Mr R says that the CRAs have told him that he has an excellent credit score. So, he can't understand the reason for Barclaycard's decision.

After Mr R complained, Barclaycard told him that it was allowed to reduce his credit limit without advance notice. It explained that it had reduced his credit limit following an alert from the CRAs which showed a negative marker with another lender. Barclaycard said it had referred the decision for review by its manual underwriters but they denied the appeal.

Our investigator didn't uphold Mr R's complaint. She said that by explaining that it had decreased his credit limit after receiving an alert from the CRAs which showed a negative marker with another lender, Barclaycard had done enough to explain its' decision. Our investigator said that Barclaycard wasn't required to give specific reasons for its' lending decisions as this would be commercially sensitive. Our investigator thought that Barclaycard was entitled under the terms of Mr R's account to determine the credit limit and hadn't acted unfairly by doing so.

Mr R is unhappy with the investigation outcome. He has given us copies of his credit reports. Mr R says his financial position has not changed as far as he can see. His credit score has remained high and he doesn't have any late payments or defaults. Mr R can't see why Barclaycard took the decision to reduce his credit limit and is concerned that he may have been the victim of fraud. Mr R says the reduction in credit limit has had repercussions for his personal and business life.

Our investigator went back to Barclaycard to ask for evidence of the information it received from the CRAs. Barclaycard has supplied evidence showing details of the alert it received from one of the CRAs.

As Mr R's complaint has not been resolved informally, it has come to me to make a final decision.

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 realise that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The informal nature of our service, together with the rules that we must follow, allow me to take this approach. But this doesn't mean I have not considered everything the parties have said and given to us.

I understand Mr R's frustration here - he would like a more detailed answer from Barclaycard. He can't see what would have prompted the reduction given there has been no change in his financial situation.

The terms of Mr R's account with Barclaycard allow it to reduce his credit limit without notice based on an assessment of risk or ability to repay. This is a commercial decision which Barclaycard was entitled to make. This service can't require Barclaycard to disclose the specific information it relied on when deciding to reduce Mr R's credit limit. This is because the criteria on which lenders make decisions and conduct lending reviews are business sensitive.

What this service can do is look at whether Barclaycard treated Mr R fairly and reasonably when it made that decision. In this case, Barclaycard has shared information with us on a confidential basis. Having read this, I haven't seen anything to suggest that Barclaycard made a mistake or treated Mr R unfairly when it decided to reduce his credit limit. This does not mean I have ignored the credit reports which Mr R has supplied to us, which don't show any negative information. It's simply that Barclaycard has supplied evidence that it received the alert which prompted it to reduce Mr R's credit limit. So, I haven't seen evidence to persuade me that Barclaycard made a mistake. I am also satisfied that Barclaycard treated Mr R fairly when it referred the decision to reduce his credit limit to its' manual underwriters for review.

The Standards of Lending Practice set by the Lending Standards Board says that if a customer's application for credit is declined, the lender will give the main reason for this if requested. Although Mr R wants a detailed explanation, I think that by explaining it reduced his credit limit following an alert from the CRAs which showed a negative marker, Barclaycard has fulfilled its' obligations under the Standards of Lending Practice. I can't fairly require it to do more than this.

Having considered all of the available information, and for the reasons I have given above, I am unable to uphold this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 2 April 2025.

Gemma Bowen
Ombudsman