

The complaint

Mr T complains that Barclays Bank UK PLC trading as Barclaycard reduced the limit on his credit card account from £17,500 to £100.

What happened

Mr T holds a credit card account with Barclaycard. In October 2023, Barclaycard told Mr T it was reducing his credit limit from £17,500 to £100. Unhappy with Barclaycard's decision, Mr T made a complaint. He said a business within the same group had recently recorded incorrect details on his accounts and credit file in error. He thought it likely that this was why Barclaycard had decided to reduce his credit limit, which he found unfair.

Barclaycard said it hadn't made an error. It said its decision was based on an alert it received from credit reference agencies (CRAs) which was related to information from other lenders – and wasn't because of anything that had happened with his account. It also referred the matter to its underwriters for a manual review, who declined Mr T's request to reinstate his credit limit. It said Mr T could provide a copy of his credit file if he felt the information provided by the CRAs was inaccurate. Otherwise, he could apply for a credit limit increase after six months. Mr T sent Barclaycard a copy of his credit file in January 2024.

Barclaycard didn't change its position, so Mr T referred his complaint to this service. He said Barclaycard's decision had prevented him from taking advantage of an offer to earn points with an airline. He also said he couldn't use the account when it had such a low limit – as doing so would reflect poorly on his credit file. One of our Investigators considered the complaint and upheld it. They didn't think Barclaycard needed to reinstate Mr T's credit limit – but said it had provided a poor service by not responding further after Mr T sent his credit file at its suggestion. They recommended that Barclaycard pay Mr T £100 to put things right. They also noted that Mr T could ask Barclaycard to review his credit limit again if he remained unhappy.

Barclaycard accepted the Investigator's conclusions. Mr T was unhappy Barclaycard still hadn't reassessed his credit limit, so asked for the complaint to be referred to an Ombudsman for a final decision. So, it's 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 understand it would have come as a disappointment to Mr T to discover that his credit limit had been reduced – especially as the reduction was a significant one. 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 T fairly, or whether it otherwise made an error when reducing his credit limit.

In this decision, I've only considered Barclaycard's decision to reduce Mr T's credit limit. Mr T's other concerns about the information recorded on his accounts and credit file have been

considered separately by this service. So, I won't comment on that matter here. But I have taken into account the status of Mr T's credit file at the time Barclaycard made its decision.

The terms of the account state:

"6. Credit limit

We set your credit limit according to your circumstances, your account usage and history, information from other parts of the Barclays Group, information we receive from credit reference agencies, and any other information we think is relevant.

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 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 wouldn't be appropriate. (But 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."

I'm satisfied Barclaycard was entitled to review and change Mr T's credit limit, and I can see it gave him two days' notice before doing so. Mr T's balance at the time was £14.80, so Barclaycard's decision didn't cause the balance to fall below the available limit. Mr T didn't use the card regularly, and his balance didn't exceed £100 at any point in the months prior to the credit limit being reduced. So, I don't think he was significantly inconvenienced by Barclaycard's decision at the time.

When Mr T disputed the decision, Barclaycard passed the relevant details to its manual underwriters so the matter could be reviewed. I think this was fair – as it ensured that all the relevant circumstances could be considered. Barclaycard has provided details of the manual review carried out by its underwriter and the information it relied on when making its decision – including the alert it received from the CRAs. I'm not able to share this information with Mr T, as it's commercially sensitive – but I'd like to assure him that I've carefully considered it.

Having done so, I can see that Barclaycard's underwriter took the relevant circumstances into account when considering Mr T's request. I can also see they were made aware of Mr T's concerns that his credit file contained inaccuracies because of the information recorded on his accounts. Overall, I'm satisfied Barclaycard correctly followed its process by relying on the information it received. And I haven't seen anything to suggest it treated Mr T unfairly when reducing his credit limit.

Mr T says that since his limit was reduced, he's been able to borrow significant amounts through a different lender – which suggests Barclaycard's decision was unfair. Each lender sets their own criteria to determine how much they're willing to lend to each customer, in line with their risk appetite and lending policies. In doing so they'll take a wide range of factors into account. So, one lender being willing to lend a certain amount doesn't necessarily mean another will do the same. I also note that the borrowing Mr T has mentioned is through a different type of credit account, which may come with different terms and restrictions to a credit card account.

When responding to Mr T, Barclaycard said he could provide a copy of his credit file if he

wanted to dispute any of the information it had relied on. Mr T sent a copy of his credit file to Barclaycard in January 2024, but I can't see that Barclaycard responded at the time. I don't think this was reasonable – especially as Mr T had sent a copy of his credit file at Barclaycard's suggestion. Even if the credit file didn't change Barclaycard's decision, it ought to have made Mr T aware of this.

I haven't seen anything to suggest that Barclaycard carried out a further review after it received Mr T's credit file. I can't say with any certainty what the outcome of such a review might have been - but I understand Mr T applied to increase his limit again in August 2024 and was offered a limit of £300. So, I don't think it's likely that a further review in January 2024 would've resulted in Barclaycard reinstating Mr T's previous limit of £17,500. If Mr T would like Barclaycard to reassess his limit again, he can ask it to do so once six months has passed since his previous request.

I appreciate this will come as a disappointment to Mr T, but for the reasons I've explained I don't find that Barclaycard made an error or treated him unfairly when reducing his credit limit. But I do think it provided a poor service by not responding to him when he sent it a copy of his credit file. This would naturally have caused Mr T some frustration. I think £100 is a fair reflection of this – so Barclaycard should pay Mr T that amount.

My final decision

My final decision is that I uphold Mr T's complaint. I require Barclays Bank UK PLC trading as Barclaycard to pay Mr T £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 May 2025.

Stephen Billings
Ombudsman