

## **The complaint**

Mr F is unhappy that Bank of Scotland plc, trading as Halifax, reduced the credit limit on his account and won't explain exactly why they made the decision to do so.

## **What happened**

Mr F has a credit account with Halifax. In February 2024, Halifax made the decision to reduce the credit limit on Mr F's account from £4,000 to £550. Mr F wasn't happy about this, especially as Halifax hadn't given him any notice of their intention to reduce his credit limit. And he also wasn't happy that Halifax wouldn't explain exactly why they had decided to reduce his credit limit. So, he raised a complaint.

Halifax responded to Mr F and provided a general outline of the factors that they consider when assessing a customer's credit limit. Halifax also explained that the terms and conditions of the credit account include that they can reduce the credit limit on the account if they decide to do so. Mr F wasn't satisfied with Halifax's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Halifax had acted unfairly by reducing the credit limit on Mr F's account without prior notice, or by not providing the exact reasoning behind their decision to do so. Mr F remained dissatisfied, so the matter was escalated to an ombudsman for 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.

Mr F is unhappy that Halifax reduced the credit limit on his account. However, it must be understood that a credit limit isn't a 'right' that an account holder has. Instead, a credit limit is provided solely and entirely at the discretion of the credit provider, in this instance, Halifax.

Because of this, Halifax have the right to reduce a credit limit on an account if they want to. And Halifax's right in this regard is stipulated in the terms and conditions of the credit account, which Mr F accepted and agreed to when he opened the credit account.

The factors that Halifax may have considered when deciding to reduce Mr F's credit limit potentially included; the ongoing content of Mr F's credit file; the level of understanding that Halifax have of Mr F's wider financial position; whether Halifax feel that Mr F might be unable to make the contractually required monthly payments on the account, should he utilise the full amount of credit available to him; and Halifax's own internal appetite for risk.

However, I wouldn't expect Halifax to tell Mr F the exact reasons why they chose to reduce his credit limit. This is because the effectiveness of Halifax's creditworthiness assessment process, from Halifax's perspective, is dependent on the particulars of that process not being public knowledge, so that any assessment is conducted on an uninfluenced basis.

If Halifax had told Mr F exactly why they'd reduced his credit limit, there would then be a risk that Mr F might deliberately adjust his financial activity to avoid or obscure any trigger events that Halifax might deem important. And if that were to happen, this would mean that Halifax's assessment of Mr F's creditworthiness would be compromised, with Mr F able to effectively provide a 'false picture' to Halifax, which in turn might result in Halifax accepting more risk than they wanted to accept or believed that they were.

Similarly, while I appreciate that Mr F is unhappy that Halifax didn't give him any notice that his credit limit would be reduced, I wouldn't reasonably have expected them to. If a credit provider told an account holder that their credit limit was being reduced in advance, there is a risk that the account holder might then immediately utilise the full amount of their higher credit limit, thus either preventing the credit provider reducing the credit limit as they want to, or meaning that the account holder incurs over-limit charges when the credit limit is reduced.

All of which means that I don't feel that Halifax have acted unfairly towards Mr F as he feels is the case here. This is because Halifax can reduce Mr F's credit limit at their discretion, and because I don't feel that Halifax should fairly be expected to provide any advance notice to Mr F that they intended to reduce his credit limit, or any detailed explanation as to why they had decided to do so.

I realise this won't be the outcome that Mr F was wanting, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 May 2025.

Paul Cooper  
**Ombudsman**