

## **The complaint**

Mr O is unhappy that Barclays Bank UK PLC, trading as Barclaycard, reduced the credit limit on his account.

## **What happened**

Mr O has a credit account with Barclays which had a £2,000 credit limit. Since 2017, Barclays have reduced the credit limit on Mr O's account several times. This included two reductions in 2024 – from £450 to £350 in March 2024, and from £350 to £1 in August 2024.

Mr O wasn't happy that his credit limit had been reduced, especially as Barclays didn't give him any advance notice before implementing any reduction. And Mr O also felt that by reducing his credit limit as they had, that Barclays were failing to meet regulatory standards in their behaviour towards him. Because of this, Mr O raised a complaint.

Barclays responded to Mr O but didn't feel that they'd done anything wrong by reducing his credit limit without warning and noted that their right to do so was stipulated in the account terms and conditions. Mr O wasn't satisfied with Barclays response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Barclays had acted unfairly towards Mr O and so didn't uphold the complaint. Mr O 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 O has said that he feels that Barclays actions in reducing his credit limit means that they are in breach of regulatory standards. However, this service isn't a regulatory body, and so I have neither the remit nor the authority to decide whether Barclays have acted in accordance with regulation or not. As such, if Mr O would like to pursue this aspect of his complaint, I can only refer him to the relevant regulatory body, which in this instance I believe to be the Financial Conduct Authority ("FCA").

This service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into consideration when arriving at our decisions, our remit is ultimately focussed on determining whether we feel a fair or unfair outcome has occurred, from an impartial perspective, and after taking all the relevant factors and circumstances of a complaint into consideration.

Mr O is unhappy that Barclays have reduced his credit limit. But it must be understood that a credit limit isn't a 'right' that a consumer has. Rather, a credit limit is provided to a credit account holder entirely at the discretion of the credit provider, in this instance, Barclays.

Because Barclays provided Mr O with a credit limit entirely at their discretion, Barclays have

the right to reduce or withdraw that credit limit, should they want to do so. And Barclays right to reduce or withdraw the credit limit available to Mr O is stipulated in the terms and conditions of their credit account, which Mr O accepted and agreed to when he opened the account.

Barclays have explained the general factors that they take into consideration when making creditworthiness assessments. These include credit file information, account management, and Barclays own internal appetite for risk.

However, I wouldn't expect Barclays to give a detailed or specific explanation to Mr O as to exactly why his credit limit was reduced. This is because if Barclays did allow the details of their decision-making process to become public knowledge, there would be a risk that members of the public might use that knowledge to try to deliberately provide a 'false picture' of their finances to Barclays. This would reduce the effectiveness of Barclays assessment process and potentially cause Barclays to provide credit to consumers that they might otherwise have chosen not to provide.

I also wouldn't expect Barclays to have provided any advance notice to Mr O that his credit limit was being reduced. This is because credit providers such as Barclays are generally expected to not reduce a credit limit to a lower amount than the balance of that account, so that the credit limit reduction results in the balance of the account being over the new credit limit such that over-limit fees would be applied. And if Barclays had given Mr O advance notice that his credit limit would be reduced, that would have allowed Mr O the opportunity to undertake spending on his account so that he had a credit balance which would therefore have prevented Barclays from reducing his credit limit as they want to.

All of which isn't to say that Mr O wasn't upset or inconvenienced by having the credit limit on his account reduced by Barclays. Indeed, it's clear that he was. But it is to say that I'm satisfied that Barclays didn't act unfairly by reducing Mr O's credit limit without advance notice, because they have the right to do so. And it's also to say that because of this, I'm satisfied that any upset or inconvenience that Mr O has experienced here is an unfortunate consequence of Barclays exercising their right to reduce his credit limit, which as previously explained I don't consider to be an unfair act.

Mr O notes that when he complained to Barclays about the reduction of his credit limit from £450 to £350 in March 2024, that Barclays paid £100 to him as compensation for any upset or inconvenience he incurred. And Mr O also notes that Barclays haven't paid him any compensation for further reducing his credit limit to £1 in August 2024.

I can appreciate Mr O's confusion at the apparent discrepancy here. However, given that I don't feel that Barclays have acted unfairly towards Mr O by reducing his credit limit, I don't feel that any form of compensation to Mr O is merited. As such, I consider Barclays payment of £100 to him in March 2024 to be in essence a good will gesture by Barclays, and I don't feel that Barclays are under any obligation to repeat that gesture. Additionally, I confirm that if Barclays hadn't paid £100 to Mr O in March 2024, that I would consider that to be unfair and that I wouldn't instruct Barclays to make such a payment.

I realise this won't be the outcome that Mr O was wanting, but it follows from all that I've explained that I won't be upholding this complaint or instructing Barclays to take any further or alternative action here.

To confirm, this is because I'm satisfied that it's for Barclays to decide the level of credit they're willing to provide to Mr O, and because I wouldn't expect Barclays to provide any advance notice to Mr O when reducing the credit limit available to him on his account. I hope Mr O will 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 O to accept or reject my decision before 26 May 2025.

Paul Cooper  
**Ombudsman**