DRN-5522869

The complaint

Mr W complains that HSBC UK Bank Plc reduced the credit limit on his credit card account.

What happened

Mr W says his credit limit was reduced from £5,500 to £2,650 on 29 November 2024. He says HSBC provided no clear reason for the reduction and no advance notification. Mr W adds that he was only made aware of the change on 11 December 2024, after it had been introduced and when he was already at over 90% of the new limit. He says he was treated unfairly, and that HSBC did not carry out a competent investigation of his complaint, nor did it provide details of its complaints procedure. Mr W points out that the decision was made just before Christmas and he has suffered distress and inconvenience as a result.

HSBC says it did not make an error when it reduced Mr W's limit and that it was based on a review of his spending in the previous year. It acknowledged that it had previously allowed Mr W to retain a limit when it had been reduced before, but that that shouldn't have happened. HSBC says it is now unable to increase the limit.

Our investigator did not recommend the complaint should be upheld. She explained that she could not see that HSBC had made any errors and was satisfied that the complaint handler completed a full investigation.

Mr W responded to say, in summary:

- that he was given less notice than the 30 days outlined in the terms and conditions;
    - he did not receive the letter by post, and was not made aware that a digital copy was available until he received a text message about being close to the new limit;
- he wasn't given proper notice of HSBC's complaints procedure.

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.

Firstly, I need to clarify that complaint handling is not a regulated activity as published by the Financial Conduct Authority. That means that the Financial Ombudsman Service does not have the power to consider that element of Mr W's complaint.

With regard to Mr W's complaint about the credit limit reduction, HSBC has now confirmed that:

- Mr W was given 7 days' notice of the credit limit change which is in line with the terms and conditions of his account with respect to the notice period when *"Reducing your credit limit where we have concerns about whether you can repay us";*
- It did have concerns about Mr W's ability to repay the higher limit due to information received from its credit checks;
- Mr W would have received notification of the letter about the credit limit decrease when he logged onto his online account. It said he had set his preferences to receive his documents online and it evidenced that he'd logged on the day the letter was sent and the following day.

Based on the above, I do not find that HSBC made an error when it decided to reduce Mr W's credit limit and I'm satisfied it was entitled to do so. This service does not have the power to instruct a business to increase its lending to a customer, however I acknowledge that Mr W has now established that there was an erroneous adverse entry on his credit file when HSBC made the decision to reduce his credit limit. As such, the terms and conditions also say, *"you can also ask us to think about giving you a higher credit limit"*.

In summary, whilst I understand Mr W's frustration, given the timing of the limit reduction and his repayment history, I do not find HSBC acted unfairly and I cannot instruct it to restore his credit limit.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 August 2025.

Amanda Williams
Ombudsman