

The complaint

Mr C complains that HSBC UK Bank Plc reduced his credit limit.

What happened

Mr C holds a credit card account with HSBC. On 9 January 2025 HSBC wrote to Mr C and advised him that his credit limit was being reduced from £5000 to £3,800 on 16 January 2025.

Mr C complained to HSBC on 30 January 2025. He said he was unhappy with the reduction and that he'd been financially impacted as a result.

HSBC didn't uphold the complaint. In its final response dated 31 January 2025 it said its systems had initiated an automated credit limit reduction and explained that it took several factors into account when assessing lending including existing account conduct, details of accounts held elsewhere, and information received from external credit reference agencies. HSBC acknowledged that Mr C had told them that his credit score had recently been impacted by an error made by an energy supplier but said there was no facility to appeal, review or overturn automated system reductions, and that the system didn't provide the specific reason for the reduction.

Mr C remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that HSBC was entitled to review the credit limit and there was no evidence that it had acted unfairly.

Mr C didn't agree. He said he understood that HSBC's terms and conditions allowed for credit limit adjustments but said the decision in his case had been based on inaccurate information and he hadn't been given the opportunity to challenge this.

Because Mr C didn't agree I've been asked to review the complaint.

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 know it will disappoint Mr C, but I agree with the investigators opinion. I'll explain why.

I've reviewed the terms and conditions of the account. These state that HSBC can reduce the credit limit by giving 7 days' notice where they have reasonable concerns about the customers ability to repay. I can see that HSBC wrote to Mr C on 9 January 2025 and advised him that his credit limit was being reduced with effect from 16 January 2025, so I'm satisfied that HSBC gave the required notice in line with the terms and conditions.

HSBC has explained that a number of factors are taken into account when assessing lending. These include existing account conduct and information from credit reference agencies. With an automated credit reduction – as was the case here – the specific reason

for the reduction isn't given.

I appreciate that Mr C believes that incorrect information recorded on his credit file by an energy supplier was the reason for the credit limit reduction, but I haven't seen any evidence to suggest that the decision to reduce Mr C's credit limit was made solely due to an unamended credit report.

I've reviewed Mr C's recent statements, and I can see that a payment of £81.23 due on the December 2024 statement was due on 6 January 2025 but was paid late on 10 January 2025. This resulted in a late/missed payment being recorded and a fee of £12 being incurred. It's possible that this – rather than or in addition to – the information reported by the energy suppliers was a factor in the decision to reduce Mr C's credit limit.

I appreciate that Mr C has said that he's consistently used his credit card and always repaid the balance in full. There's no suggestion that Mr C hasn't managed his account properly, although as I've said above, there was a late/missed payment in January 2025.

HSBC has said that it can't reverse the credit limit reduction. It has also said that Mr C can apply for an increase but this will require a hard search to be carried out on his credit file irrespective of whether the application is successful or not. HSBC has advised that Mr C waits 6 months before he makes any application to increase his credit limit.

Taking all the available information into account, I'm unable to uphold this complaint. I haven't seen any evidence to suggest that HSBC has made an error or treated Mr C unfairly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 July 2025.

Emma Davy
Ombudsman