

The complaint

Mr C complains Creation Consumer Finance Ltd trading as Creation (“Creation”) reduced his credit limit.

What happened

In November 2021, Mr C opened a Running Account Credit Agreement (“agreement”) with Creation, with a limit of £5,000 to be used with a specific retailer.

In January 2025, Creation reduced Mr C’s credit limit to £700. Unhappy with this, Mr C complained. Creation doesn’t agree it’s done anything wrong. It says the terms and conditions of the agreement allow it to change the limit from time to time and its decision was made in line with its lending policies.

Unhappy with Creation’s response, Mr C referred his concerns to our Service. One of our Investigator’s looked into what happened and didn’t think Creation had acted unfairly. She said the terms of the agreement allowed Creation to amend the amount it was willing to lend and while it hadn’t given Mr C a specific reason for the reduction, she was satisfied it had been fair in its decision.

Mr C disagreed. He said Creation shouldn’t use information from external sources such as credit reference agencies, rather should base its decision on how he was maintaining his agreement.

As the matter wasn’t resolved, the complaint has 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’ve given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

Creation as with all lenders is entitled to decide the amount it’s willing to lend its customers and these decisions are based on numerous factors, including what it knows about their customer and the risk appetite of the lender. Alongside this, Creation has a duty to ensure it’s acting as a responsible lender, including amending limits when appropriate.

The terms and conditions of Mr C’s agreement set out Creation may amend the credit limit from time to time, based on an assessment of the customer’s account and financial circumstances. So, it isn’t for me to tell Creation how much credit it must make available to its customers. I can however consider whether it was fair and acted in line with its policies when it made the decision to reduce Mr C’s credit limit.

In Creation's response to Mr C's complaint, it explained that a number of factors can influence its decision to amend a credit limit including data from internal and external sources.

In its submission to our Service, Creation has given a more detailed explanation on its decision to reduce Mr C's limit. I appreciate Mr C may be frustrated not to have been provided this information, however the lending policies and risk appetite of lenders is commercially sensitive, so I don't think it was unreasonable for Creation not to share this information. I do however want to reassure Mr C that having impartially reviewed this information, I think Creation acted fairly in making its decision to reduce his credit limit.

I say this as Creation has shown that it based its decision on relevant data, which forms part of its lending policy. So, that is to say, I'm satisfied Creation has applied the same policies to Mr C's account as it would other customers when reviewing agreements.

I appreciate the reduction in limit was significant, but this is a decision Creation was entitled to make, and the decreased limit wasn't below Mr C's borrowing on the agreement at that time. So, I don't think Creation treated Mr C unfairly by taking these steps.

I note Mr C has said Creation should only rely on internal data when reviewing credit limits, but I don't agree that's correct. As a responsible lender, I'd expect Creation to ensure it has a good understanding of its customers, including when applicable data from external sources such as credit reference agencies, to understand their financial commitments. This is to ensure any credit it was providing was affordable and sustainable, in line with its internal policies and regulatory duties.

As a result, while I appreciate this answer will come as a disappointment to Mr C, I think Creation was reasonable in its decision to reduce the credit limit of his agreement and did so in line with its lending policies. Therefore, I won't be asking it to increase this and don't uphold this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 September 2025.

Christopher Convery
Ombudsman