DRN-5656528

The complaint

Mr R complains that Sainsburys Bank Plc reduced the credit limit on his credit card.

What happened

Mr R holds a credit card with Sainsburys.

On 4 April 2025 Sainsburys advised Mr R that it was reducing his credit limit from £4,050.00 to £1,450.00.

Mr R was unhappy about this and complained to Sainsburys. He said he'd paid £800 to the account the day before and the reduction in credit had left him unable to purchase basic necessities for his family.

Sainsburys issued a final response on 17 April 2025 in which it didn't uphold the complaint. It said it had made a business decision to reduce the credit limit in line with the terms and conditions of the account. Sainsburys said it had followed the appeals process, and the underwriting team had conducted a further review of Mr R's account, but its decision remained unchanged.

Mr R remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. She said that whilst she acknowledged that the bank hadn't provided Mr R with a reason why it reduced the credit limit, it had provided evidence to show that it had acted within the terms and conditions of the account.

Mr R didn't agree so 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 R, but I agree with the investigators opinion. I'll explain why.

I've reviewed the terms and condition of the account. These state that Sainsburys can reduce the credit limit if it has a valid reason to do so. The terms and conditions give examples of what might be a valid reason and incudes a change in the consumers circumstances and a change in the banks assessment of the risks of lending to the customer.

The terms and conditions say that Sainsburys doesn't have to give advance notice of a reduction in the credit limit. They also state that the credit limit won't be reduced below the total outstanding balance on the account.

Mr R agreed to these terms and conditions when he took out the card.

I've reviewed the final response letter. Sainsburys hasn't given the reason for the reduction in the credit limit. This service can't require Sainsburys to disclose the specific reason(s) for the credit limit reduction, as this is considered to be business sensitive information. However, we do expect a provider of credit to be able to show that the decision to reduce the credit limit was reached fairly.

In this case, Sainsburys has provided an explanation to this service of why Mr R's credit limit was reduced. This information is business sensitive which was why it wasn't shared with Mr R. I'm not able to share it either. However, what I can say is that having reviewed the information, I'm satisfied that Mr R's credit limit was reduced following a change in Sainsburys assessment of the risks of lending to him.

Based on what I've seen, I'm satisfied that Sainsburys has followed its processes correctly. The general reason for the credit limit reduction is in line with the terms and conditions of the account. I'm also satisfied that Sainsburys have acted fairly by reviewing its decision.

I appreciate that Mr R is unhappy that his credit limit has been reduced. However, for the reasons I've explained above, I'm unable to say that Sainsburys has made an error or treated Mr R 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 R to accept or reject my decision before 19 August 2025.

Emma Davy
Ombudsman