

The complaint

Mr K complains that Marks and Spencer Financial Services Plc trading as M&S Bank sent him a credit limit decrease letter which was due to take effect the same date he received it.

What happened

Mr K holds a credit card account with M&S Bank.

On 27 December 2024, M&S Bank sent a letter to Mr K advising him that it was reducing the credit limit on his account from £5000 to £2500 with effect from 3 January 2025.

Mr K didn't receive the letter until 3 January 2025. At that date, Mr K's balance was around £3200. He was worried that he was overlimit and how this might impact his credit file.

Mr K contacted M&S Bank the day he received the letter. The agent advised Mr K that because his balance was over the new credit limit, his limit wouldn't be decreased. Mr K asked for an email confirming this. The agent put Mr K on hold to send the email and incorrectly transferred him to a different department.

Mr K raised a complaint with M&S Bank. In its final response, M&S Bank said it couldn't provide the exact reason for the credit limit decrease. It said its process was to give 7 days' notice of a credit limit decrease and explained that there was an exception if the customer already had a balance larger than the proposed limit on the auto decrease letter. M&S Bank said that as at the date the letter was sent on 27 December 2025 Mr K's balance was £2,230 but it had increased to £3,230 by the date when the auto decrease triggered. M&S Bank said that because Mr K's balance had increased, the credit limit decrease was stopped. M&S Bank acknowledged that it had provided poor customer service by transferring Mr K's call to the wrong department and offered compensation of £75.00.

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

Following the referral of the complaint to this service, M&S Bank offered further compensation of £25 (in addition to the £75 already paid) to reflect the inconvenience caused to Mr K which he was put on hold and transferred to the wrong department.

Our investigator thought the offer was fair and reasonable.

Mr K didn't agree. He said that receiving the letter on the day the credit limit reduction was due to take place had caused him distress. He said that when he tried to discuss the matter with M&S Bank he'd been put on hold and transferred to the wrong department. Mr K was unhappy that M&S Bank had decreased his credit limit without discussing it with him first. He said he was worried that the credit limit might be reduced in the future without warning.

Because Mr K 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 K, but I agree with the investigator's opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the letter dated 27 December 2024. This states that Mr K's credit limit will be reduced from £5000 to £2500 from 3 January 2025.

Mr K has said that he didn't receive the letter until 3 January 2025 and that to receive the letter on the date the credit limit decrease was due to take effect caused him distress.

I appreciate that Mr K would have been concerned when he received the letter. In terms of the timing, the letter was sent on 27 December 2024 and gave 7 days' notice of the proposed credit limit decrease, which is in line with the terms and conditions of the account. I can't fairly hold M&S Bank responsible for the delay in the letter reaching Mr K, as this would be down to the postal service.

I can see that Mr K managed to speak to M&S Bank the day he received the letter and was given a reassurance that the credit limit decrease wouldn't take effect. So, although I accept that Mr K was caused distress when he received the letter, the issue was clarified for him quickly when he spoke to the M&S Bank agent.

In terms of the customer service that Mr K received whilst on the call, there's no dispute that he was placed on hold and transferred to another department unnecessarily. I accept that this would've caused Mr K frustration and inconvenience, and I think M&S Bank should pay compensation for the poor customer service. The sum that has been offered - £100 in total – is, in my opinion, fair.

I understand Mr K's concerns that the credit limit decrease wasn't discussed with him in advance and that it might be decreased again in the future. The terms and conditions of the account allow M&S Bank to amend the credit limit provided that notice is given. All providers of credit review credit reference data on an ongoing basis. I can't give Mr K a guarantee that his credit limit won't be reduced in the future as it's possible that information from the credit reference agencies might lead M&S into making the decision to reduce the credit limit again. There's no obligation on M&S to discuss a credit limit decrease with Mr K in advance, and the specific reasons for any credit limit decrease don't have to be disclosed by M&S Bank as this is considered to be business sensitive information.

Taking all the available information into account, I'm unable to say that M&S Bank has made an error or treated Mr K unfairly by decreasing the credit limit. I agree that M&S Bank provided poor customer service on the call but I think the compensation offered is fair, so I won't be asking M&S Bank to do anything further.

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 K to accept or reject my decision before 28 August 2025.

Emma Davy
Ombudsman