DRN-5698562

The complaint

Mr S complains that Lloyds Bank PLC declined his application for a credit limit increase.

What happened

Mr S holds a credit card with Lloyds. As at August 2024 the card had a credit limit of £11,000. In August 2024 Mr S transferred the balance on his account to a 0% card with another provider. Following this Mr S reduced the credit limit on his Lloyds credit card to £500 and then increased it to £600.

In December 2024 Mr S applied to increase the credit limit to £1500. The application was declined.

In February 2025 Mr S contacted Lloyds and explained that he had tried to increase the credit limit, but his application had been declined. The agent explained to Mr S that all applications are subject to eligibility checks at the time of applying and there were a range of factors which impacted on whether the increase could be accepted.

Mr S wanted further explanation and was transferred to another agent. Mr S asked the agent what the reason for the decline was. The agent explained that they were unable to give a specific reason for the decline as it was based on a number of factors.

Mr S requested to raise a complaint. He said he wanted to know the specific reason for the decline and compensation.

Lloyds didn't uphold the complaint. It said it hadn't made an error because it wasn't obliged to provide customers with the specific reason as to why an application was declined as this is based on a number of factors. Lloyds offered Mr S £20 as a goodwill gesture, which he declined.

Mr S remained unhappy and brought his complaint to this service. He's unhappy that he hasn't received an explanation as to why his application was declined. He says he's had to transfer money from his savings account to pay for flights and holiday bookings and has lost the protection of paying by credit card, for which he wants compensation.

Our investigator said the offer from Lloyds was fair. He said that credit providers aren't obliged to provide the specific reason for declining an application because this is commercially sensitive information. The investigator said he had listened to the calls that Mr S had with Lloyds and was satisfied that the agent had acted professionally.

Mr S didn't agree. He said he was entitled to know the specific reason why his application was declined. He said his income had increased by over 11%, that his debt to income ratio and credit score was good and that his credit cards and loans with Lloyds had always been paid on time. Mr S disagreed that his calls to Lloyds had been professionally handled and said the agent wasn't confident in the information provided because she had put hi on hold several times to seek clarification.

Because Mr S 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 S, 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 particular 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 on order to reach what I think is the right outcome.

I appreciate that this has been a frustrating experience for Mr S. He's expressed concern that Lloyds won't tell him the specific reason why his request to increase his credit limit to £1500 was declined. Mr S has made the point that his credit rating is good, his debt to income ratio is good and his payment history with Lloyds is good.

I have no reason to doubt what Mr S says about his credit record and good management of his other accounts.

Lenders decline requests for credit limit increases for a number of reasons. The most common ones are that the account is new, the customers credit score is low, the customer has a poor payment record, the customer has a history of only making minimum payments, the customers income is too low, the customer has too many recent credit applications or the customer has too much available credit. Lenders also take into account information provided by external credit reference agencies. This list isn't exhaustive, and it may be that none of these reasons apply in Mr S's case.

A lender isn't obliged to disclose the specific reason why a credit limit increase has been declined. This is because the lending criteria is commercially sensitive information and could be open to manipulation if it found its way into the public domain. This service doesn't have the power to require Lloyds to disclose the specific reason for declining the application. But we expect a lender to be able to show that it reached the decision fairly.

I've reviewed the terms and conditions of Mr S's account. These state that Lloyds can decline an application for a credit limit increase if it has concerns about the ability to repay.

This service asked Lloyds why Mr S's application was declined to check that the decision was reached fairly. Lloyds explained that Mr S's application was automatically declined by its systems based on the internal lending criteria.

I appreciate that Mr S doesn't feel that Lloyds should be able to withhold the specific reason for the decline. However, Lloyds is entitled to apply its internal lending criteria and it's outside of the remit of this service to look at those criteria. Based on what I've seen, I'm satisfied that Lloyds have followed its processes and reached a fair decision.

Mr S has said that he doesn't think his calls were handled properly by Lloyds. I've reviewed the calls, and I haven't found any evidence to suggest that the agent handled the call inappropriately or gave incorrect or misleading advice. The agent explained to Mr S that she couldn't provide the specific reason for the decline. I can see that the agent offered £20 to Mr S as a gesture of goodwill. This doesn't mean that Lloyds made an error or did anything wrong. I haven't found any evidence which causes me to think that compensation is necessary in the circumstances of this complaint, but if Mr S wishes to accept the goodwill gesture, I think that would provide a fair and reasonable resolution to the complaint.

Finally, I'm aware that since bringing his complaint to this service, Mr S has made a further application to increase his credit limit and an increase to £1500 has been approved. As I've explained above, all applications to increase credit limits are subject to eligibility checks (applying the internal lending criteria) and the outcome of an application depends on a number of factors. The fact that an application has been declined previously and approved subsequently doesn't mean that the first decision to decline was wrong or unfair.

Putting things right

To put things right, I recommend that Lloyds Bank PLC re-offer the goodwill payment of £20 to Mr S.

My final decision

My final decision is that I don't uphold the complaint. The offer of £20 goodwill payment is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 September 2025.

Emma Davy
Ombudsman