

## The complaint

Mr F complains that Bank of Scotland plc trading as Halifax reduced the limit on his credit card unfairly.

## What happened

Mr F has had a credit card with Halifax for several years. He says he has the card as it allows him to make transactions abroad without incurring fees. On 22 March 2017, Mr F's credit limit was increased to £4,000 where it stayed until 22 February 2024 when Halifax reduced it to £550. At the time, Mr F was abroad and already had a balance of around £350 on the card, so the large reduction in his credit limit caused him distress and inconvenience as he was unsure whether he'd be able to pay the expenses he'd planned. Mr F complained to Halifax asking why his limit was reduced and for it to be reinstated.

Halifax looked into Mr F's complaint. It said the terms of the card allowed it to amend his credit limit at any time. It said when it reviewed the limit, it looked at how the account was run and information obtained from his credit file. It asked for information from Mr F to enable it to consider whether it was prepared to reinstate his limit.

Mr F provided the information Halifax requested and his limit was returned to £4,000 on 26 February 2024 – just four days after it had been reduced. Mr F asked Halifax for the information it found which led to it decreasing his limit as he wanted to understand whether the situation was likely to happen again. Halifax declined to provide that information, so Mr F referred his complaint to our service.

While his complaint was with us, Halifax reduced the credit limit again to £600 on 21 February 2025. Mr F complained once more. He said he was due to go abroad again and was concerned he'd lose his hotel bookings as a result of the reduction. He asked again for the information which led to the reduction.

Halifax issued a final response letter explaining again that the terms of the account allowed it to amend the credit limit. It acknowledged it had happened previously and it had said at that time that the limit may be reduced again. Halifax said the reduction "*may be linked to adverse data on [Mr F's] credit file*". It didn't uphold his complaint.

On 17 March 2025, Mr F told us that Halifax had restored his credit limit once more.

One of our investigators looked into Mr F's complaint, but didn't uphold it. He said the terms allowed Halifax to make the decision it had, and said it wasn't obliged to provide the specific reasons for its decision. He didn't uphold Mr F's complaint.

Mr F didn't accept what our investigator said. He acknowledged Halifax was able to reduce his credit limit under the terms he'd agreed to (albeit he'd had no option but to agree to them). But he didn't think Halifax had demonstrated that it had exercised its discretion fairly.

Mr F's complaint has been passed to me for a decision.

## **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.

Having done so, I reached a different conclusion from that of our investigator, so I issued a provisional decision saying:

*"While technically, Mr F set up his complaint with us regarding the first limit reduction, it seems clear from his correspondence that he wants us to look at each together. Halifax has responded to each limit reduction with individual final response letters, so I'm satisfied it has had the opportunity to consider each one. It seems sensible for all parties to deal with each limit reduction under this complaint reference rather than set up a second complaint. That is what I've done.*

*There is no doubt that the terms and conditions of the account allow Halifax to decide how much it is prepared to lend to Mr F. Indeed, he's acknowledged that himself. And it's not for me to tell the bank how much it should be prepared to lend to Mr F either. But it must make any lending decision fairly.*

*To enable me to decide if it reached its decision to reduce his limit fairly, I've asked Halifax several times for the information it used when doing so. But it hasn't given me that information so I can only conclude that it didn't reach its decision fairly.*

*I note his credit limit has been reinstated to £4,000 which gives Mr F the spending power he enjoyed before the bank reduced it. But I don't think that is sufficient in the circumstances to resolve the complaint, because I am not satisfied he was treated fairly. I can see that the reductions in his limit caused him distress and inconvenience, and I think he should be compensated for that.*

*Deciding what level of compensation is appropriate is not a straightforward one, after all we all face some inconvenience in our day to day lives. We publish examples on our website of the level of awards we make. To reach my decision of what is fair in the circumstances, I've considered those examples and how Mr F's circumstances fit within them.*

*When Halifax reduced Mr F's limit in February 2024, he was abroad at the time. He was relying on the card due to its particular features. So going from having around £3,500 to spend to just £200 will no doubt have been distressing for him. I note he was able to react quickly to Halifax's communications and provide information it asked, so the limit was reinstated within a few days.*

*From the information Mr F has provided, it seems more likely than not that he would have been able to spend what he needed while abroad, albeit he may have suffered some costs for using other payment methods. He has confirmed to Halifax that he didn't use other payment methods ultimately, so there are no extra costs to consider. But I don't think he was likely to be without funds if needed. That said, he clearly had to take time out of his holiday to deal with an issue created by the bank and through no fault of his own.*

*And the second time Mr F's limit was reduced, he was in the planning stage of another holiday and it seems he had provided the card details to secure bookings. Again, while I'm confident he'd have been able to use other payment methods if needed, I understand his concerns that bookings may be cancelled if the payment details he'd provided didn't work, and that could also have caused embarrassment when he arrived at his destinations.*

*I think in the circumstances an award of £400 is fair and reasonable. It recognises there was*

*a repetition of the same problem and means the award I propose is higher than I would have made had it been a 'one off'. I'm conscious too that Mr F had maintained the account well for a sustained period of time and had no reason to think Halifax would take such action - especially while he was abroad.*

*I'm aware that my decision doesn't give Mr F the answers that he is looking for about why his limit was reduced on either occasion, and I am sorry for that. I have tried to obtain that information for him but have been unsuccessful. I can't however keep a complaint open indefinitely so I've had to reach a decision I consider to be fair and reasonable. I leave it for Mr F to decide whether he wishes to continue with the account going forward in the knowledge that Halifax has failed to explain how it reached its decision, or demonstrated that his credit limit won't be reduced again.*

*Of course, it's possible that Halifax will provide the information Mr F is seeking in response to this decision. If that happens then I will take it into account before I reach my final decision. But even if that information were to change my view of the complaint, I would remind Halifax the rules\* (DISP 3.5.14R) allow me to award compensation to a complainant for any material distress or inconvenience caused by a respondent business's failure to comply with time limits set for the provision of information."*

Mr F has accepted my provisional decision, but I've heard nothing from Halifax. That being so, I see no reason to depart from my provisional decision.

\*The rules that govern our service are set out in the Handbook of the Financial Conduct Authority – specifically the Dispute Resolution section (DISP).

### **My final decision**

My final decision is that I uphold this complaint. Bank of Scotland plc trading as Halifax must put things right as I've set out above.

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

Richard Hale  
**Ombudsman**