

The complaint

Mr M is unhappy that Barclays Bank UK PLC, trading as Barclaycard, reduced his credit limit and could not clearly or consistently explain why.

What happened

Mr M held a Barclaycard credit card with an agreed credit limit of £3,500. In October 2025, Barclaycard carried out a review of Mr M's account and decided to reduce his credit limit to £2,750. Barclaycard sent a letter to Mr M to notify him of the reduction, dated 16 October, which explained that the reduction would come into effect on 20 October. Barclaycard also notified Mr M via the Barclaycard app that his credit limit would reduce on 20 October.

Mr M first noticed the credit limit reduction notification when checking his account via the Barclaycard app over on 19 October. He later received an email and text message from Barclaycard about the reduction on 23 October 2025, after it had come into force.

Shortly after becoming aware of the change, Mr M contacted Barclaycard to ask why his credit limit had been reduced. During a telephone call on 20 October, Mr M was told that the decision had been made following an automated review of his account and that there was no specific reason that could be given for the reduction. Mr M was also told the decision had already been reviewed and agreed and that it could not be escalated further.

Mr M wasn't happy about what had happened, so he raised a formal complaint with Barclaycard, and again asked for an explanation for the reduction and queried whether a meaningful review had taken place. Barclaycard responded to Mr M and confirmed that the decision had been automated and said it was based on information from credit reference agencies and internal criteria, but they did not give a specific explanation as to what event or occurrence had led to Mr M's limit being reduced. Mr M wasn't satisfied with Barclaycard's response, so he referred his complaint to this service.

One of our investigators looked at this complaint and liaised with Mr M and Barclaycard about it. During their review, Barclaycard initially suggested that the reduction was linked to information on Mr M's credit file, such as a payday loan or a county court judgment.

However, when asked to provide further detail by our investigator, Barclaycard were unable to evidence that any new adverse information had appeared on Mr M's credit file at the time of the reduction, and they later acknowledged they could not identify the specific factor that triggered the automated decision.

However, our investigator didn't uphold this complaint because they felt that the terms of the account included that Barclaycard had the right to reduce the credit limit on an account at any time at their discretion. Mr M didn't agree that Barclaycard hadn't acted unfairly, so the matter was escalated to an ombudsman for a final 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.

I issued a provisional decision on this complaint on 2 April 2026 as follows:

Mr M is unhappy that Barclaycard reduced the credit limit on his account. I'd therefore like to begin by explaining that a credit limit isn't a 'right' that a consumer has. Instead, it's provided solely at the discretion of the credit provider, in this instance, Barclaycard.

Because I'm satisfied that if Barclaycard decide that they're no longer willing to offer an amount of credit to an account holder, and they choose to reduce the amount of credit available to that account holder, that is a commercial decision that Barclaycard are entitled to make. And Barclaycard's right to reduce a credit limit at any time is included in the terms and conditions of the account, to which Mr M consented on an ongoing basis when he opened the account and at any time when Barclaycard updated those terms.

Additionally, when reducing a credit limit, it's usually the case that the reduction is implemented with little or no notice, which mitigates against the possibility of the account holder utilising the credit facility which will be withdrawn such that they are placed in an overlimit position when the reduction takes place, and then incur charges.

However, while Barclaycard have the right to reduce a credit limit, it would be expected that any reductions would not be arbitrary and that Barclaycard would be able to explain why the reduction has taken place. In this instance, Barclaycard haven't been able to provide a coherent explanation to either Mr M or this service as to why they reduced Mr M's credit limit, and this has clearly caused Mr M some frustration and inconvenience that he shouldn't fairly or reasonably have incurred.

For this reason, I'll be provisionally upholding this complaint in Mr M's favour and instructing Barclaycard to pay £200 compensation to him.

It's important to note that I'm not upholding this complaint on the basis that Barclaycard lowered the credit limit in Mr M's account. As explained, I'm satisfied that Barclaycard were entitled to do so. Instead, I'm upholding this complaint solely on the basis on the trouble and upset that Mr M has incurred while seeking an explanation from Barclaycard as to why his credit limit had been reduced that Barclaycard should reasonably have been able to provide to Mr M or to this service.

Barclaycard have explained that the reduction was implemented by an automated account review system, from which they're unable to obtain the specific reason for the reduction. As such, I'm satisfied that it's more likely that not that there was a reason why Mr M's credit limit was reduced, such that it's not the case that the reduction was arbitrary and is instead the case that the reason for the reduction can't be extracted from Barclaycard's systems. On this point, it must be noted that if Barclaycard were able to provide a clear and coherent explanation to either Mr M or this service as to exactly why Mr M's credit limit had been reduced, it's possible that I would not have upheld this complaint on any basis.

In this case, however, because Barclaycard haven't been able to explain why they reduced Mr M's credit limit, Mr M was left uncertain about why the decision had been taken and spent a period of time chasing Barclaycard for an explanation that should reasonably have been available. As explained, I'm satisfied that this caused Mr M avoidable frustration and inconvenience, which he shouldn't fairly have had to incur.

Taking this into account, I find that Barclaycard acted unfairly in how they handled Mr M's enquiries about the credit-limit reduction, even though the reduction itself was within their discretion. To put things right, I'm instructing Barclaycard to pay Mr M £200 to reflect the

frustration and inconvenience caused by their inability to explain the decision.

In arriving at this compensation amount I've considered the impact on Mr M of his not being able to obtain a coherent explanation from Barclaycard, alongside the general framework this service uses when assessing compensation amounts, details of which are available on this service's website. And, having done so, I presently feel that £200 is a fair compensation amount. But I won't be instructing Barclaycard to reinstate Mr M's previous credit limit as he would like, because I'm satisfied that Barclaycard were entitled to reduce that credit limit at their discretion.

Finally, Mr M has also raised concerns about how Barclaycard handled the complaint he made to them about this matter. While this service cannot make separate findings about a business's internal complaint-handling processes in isolation, because our remit does not cover complaint handling, I can take into account any additional distress or inconvenience caused to a consumer as part of my overall assessment of fairness.

However, in this case I'm satisfied that the frustration and inconvenience Mr M experienced while seeking an explanation from Barclaycard in their totality have already been considered by me and reflected in my findings above, and in the compensation I've awarded. So, I haven't made any separate findings or awards specifically in relation to Barclaycard's complaint handling.

Both Mr M and Barclaycard responded to my provisional decision and confirmed that they were in acceptance of it. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr M's favour on the basis described above. And I hereby confirm that my final decision is that I do uphold this complaint on that basis accordingly.

Putting things right

Barclaycard must pay £200 to Mr M.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC, trading as Barclaycard, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 May 2026.

Paul Cooper
Ombudsman