

complaint

Mr S complains that NewDay Ltd (trading as Marbles) reduced the credit limit on his credit card without telling him first. Mr S says he needed to pay for car repairs and Marbles' decision left him in a difficult situation.

background

Mr S has a Marbles credit card and in March 2019 paid off a substantial part of the balance. On 20 March 2019 Marbles wrote to Mr S to say it had reduced the credit limit from £800 to £250.

Mr S says he wanted to use his credit card to make an important purchase but because of Marbles' decision he was left in a difficult position. Mr S complained.

Marbles wrote to Mr S on 2 April 2019 but didn't agree it had made a mistake. Marbles said the credit card terms allowed it to reduce the credit limit and it gave Mr S some information about the situations that may cause it to take that step. Mr S went on to ask our service to look at his complaint.

An investigator looked at Mr S' complaint and said he thought Marbles was allowed to reduce the credit limit. The investigator thought Marbles had dealt with Mr S' complaint fairly. Mr S didn't accept the investigator's view and asked to appeal his complaint so it's been passed to me to make a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I do appreciate that reducing a credit limit without first telling Mr S made things difficult for him. I understand that when he made a payment to reduce his balance it was with the intention of then using that money to pay for something he needed. But I need to be fair to both sides and I've had to take into account what the credit card terms say about changing the credit limit. The terms say:

1 Credit Limit – we will decide your credit limit and tell you what it is. We may change it at any time and will let you know about any change. Details of how your credit limit can be changed are shown in section 18.2.

18.2 We can change your credit limit... under condition 1. We will only reduce your credit limit...if we have good reason, for example your circumstances change, there is a significantly increased risk you may not be able to pay or we are concerned about fraud or the security of your Card. If we increase your credit limit we will give you 30 days' notice...

The terms say Marbles can change the credit limit at any time and that it will tell a card holder when it does so. The terms go on to give some reasons why Marbles may reduce a credit limit. The terms say that Marbles will contact a card holder before *increasing* a credit limit but not before *decreasing* it. I'm satisfied the terms allow Marbles to reduce the credit limit without notice as long as it contacts the card holder at the time. And in this case,

Marbles wrote to Mr S on 20 March 2019 with that information so I'm satisfied it's acted in line with the terms.

Mr S says Marbles' decision wasn't fair and shows it's an irresponsible lender. But Marbles has given him an indication of the reasons it will use to decide whether to reduce a credit limit and I'm satisfied from what I've seen that its decision was reasonable.

I'm sorry to disappoint Mr S as I know he had intended to use the money he'd paid onto his credit card for something else. But I'm satisfied Marbles' terms allowed it to reduce the credit limit without telling Mr S first. As I haven't found any evidence of a mistake by Marbles I'm not telling it to take any further action to resolve this complaint.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 June 2019.

Marco Manente
ombudsman