

complaint

Mr G complains that AIB Group (UK) Plc (trading as First Trust Bank) wrongly issued a termination notice for his credit card account. When it reinstated the account it reduced his credit card limit.

background

In July 2014 First Trust received a letter from a debt management company saying that Mr G was seriously in debt and asking that it freeze interest and charges with immediate effect. It also sent Mr G's letter of authority to allow it to act on his behalf. First Trust then sent Mr G a letter giving him notice that it was going to end his credit card agreement and asking him to repay the amount he owed in full. However, when Mr G told it that the debt management company had sent the letters without his consent First Trust agreed that the account could continue but reduced the credit card limit.

The adjudicator did not recommend that this complaint should be upheld. He concluded that the action taken by First Trust was reasonable. Mr G responded to say, in summary, First Trust was the only one of his creditors that took any action and this was not acceptable.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I understand Mr G's frustration that First Trust immediately sent notice to terminate his credit card agreement when it received the letter from the debt management company, without first contacting him. However, the letter from the debt company included Mr G's authority to say that it was acting on his behalf. First Trust was asked to freeze interest and charges and told that it would receive a full financial statement, outlining Mr G's proposals for repayment. To accept a repayment plan and freeze interest and charges, it needed to formally give notice that it was ending the agreement and give Mr G a chance to repay the amount owed in full. Only after this process would it have been able to default the account, pass the debt to its recovery team and not charge interest and charges.

I appreciate that Mr G says that the debt company was only making an enquiry and none of his other creditors acted in this way. But I do not consider that First Trust did anything wrong. The letter clearly said that Mr G was in serious debt and, in these circumstances, I would expect First Trust to take action to prevent Mr G's financial situation from getting any worse. Once Mr G had told it that the debt company's letter was a mistake First Trust reinstated the account, albeit with a lower credit limit. The level of credit limits are a matter for the bank's commercial discretion. First Trust is entitled to vary the credit limit on the basis of risk re-pricing. That is a matter of it exercising its commercial judgment and is not something in which we would normally interfere. I see no reason to do so here. It has said that it will review the credit limit in the future.

I am not therefore persuaded that First Trust has made a mistake and I am satisfied that the action it took was reasonable given that it had been told that Mr G was experiencing financial difficulties.

Mr G has also asked why a credit to his account made in August 2014 was reversed a month later, taking his balance close to his credit limit. First Trust has explained that the

money was credited to his account in error and it did not belong to Mr G. In the circumstances, I do not consider it was unreasonable for First Trust to remove it from his account. I am satisfied that Mr G has not suffered any financial loss or inconvenience by this.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr G to accept or reject my decision before 25 March 2015.

Karen Wharton
ombudsman