



<b><u>Decision Ref:</u></b>	2018-0069
<b><u>Sector:</u></b>	Banking
<b><u>Product / Service:</u></b>	Credit Cards
<b><u>Conduct(s) complained of:</u></b>	Dissatisfaction with customer service Delayed or inadequate communication Failure to provide product/service information
<b><u>Outcome:</u></b>	Partially upheld

## **LEGALLY BINDING DECISION OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN**

### **Background**

The Complainant entered into a credit card agreement with the Provider in 2010. In 2016 the Complainant's credit card limit was reduced from €2,300 to €475. The Complainant's complaint is that this was reduced unfairly and without any notification to him.

### **The Complainant's Case**

The Complainant submits that the Provider reduced his credit card limit "*harshly and without warning*". The Complainant submits that he was having his credit card bills sent to his work address, instead of to his home address. He says that although he had not been required to visit / work at that location for some time, he was still collecting his post from that address, including his credit card bill.

The Complainant submits that he had been making regular repayments towards his credit card bills, although, he acknowledges, not always before the required date. He submits that if payment was made after the date provided for, then the Provider applied its late payment fee, which, the Complainant submits was paid to it each time. The Complainant submits that the limit on the card was significantly reduced by the Provider, without contacting him first. The Complainant submits that the actions of the Provider caused him a great deal of stress, particularly in circumstances where he only discovered that the limit had been reduced immediately prior to going on holidays and he had been relying on his intended use of the balance available to him, whilst on holidays.

The Complainant submits that at the time of bringing the within complaint, the credit card balance was not showing any amount owed and the Complainant believes that the current balance of €475.00 is too low *“to make it worthwhile holding or continuing to hold the [Provider’s] credit card”*.

### **The Provider’s Case**

The Provider acknowledges that the Complainant’s Credit card credit limit was reduced from €2,300.00 to €475.00 between April and May 2016. It notes that the Complainant was unhappy as he discovered this reduction just before was going abroad on holiday and he did not have a backup card for the holiday.

The Provider submits that the Complainant’s credit card limit was reduced following a review of the account, and a business decision was made to reduce the credit limit, due to the account activity.

The Provider submits that the Complainant called the Provider on 25 May 2016 to change his correspondence address details, from his place of work address, to his home address. The Provider submits that this was updated accordingly and a letter was issued to the Complainant confirming the change of address.

The Provider submits that during this telephone call, of the 25 May 2016, the Complainant also requested an increase of his credit limit, but that this was declined. The Provider submits that the Complainant was advised that the credit limit had been decreased due to late payments, and the Complainant asked if he could appeal this decision. The Provider submits that an appeal request was submitted on the Complainant’s behalf. It says that on 27 May 2016 a letter was sent to the Complainant advising that it was unable to increase the credit limit but that it could re-assess the situation after 6 months.

The Provider submits that the Complainant called it on 18 July 2016, advising that he had opened his June statement and noticed his credit limit had been reduced. The Provider submits that its Customer Service Representative explained this had been reduced in May. The Provider says that the Complainant claimed that this was reduced at that time because he had changed his address and contended that it had only been reduced to €1870.00 (the Provider submits that this was not in fact the case). The Provider submits that the Complainant asked again for the credit limit to be increased but that this request was rejected. The Provider submits that the Complainant stated he was going on holiday and that if he had not looked at his statement, he would have gone abroad expecting to use the balance on his card. The Provider submits a complaint was raised for investigation at this time.

The Provider submits that a final response letter was sent to the Complainant explaining that the credit limit had been decreased, due to 4 late payments on the account in the previous year. The Provider says that it provided an apology to the Complainant in this regard and explained that the issue could be re-assessed in 6 months. The Provider submits that the Complainant was initially offered €100.00 euros by way of

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compensation (€20.00 for call costs and €80.00 for not informing the customer of the credit limit decrease.) The Provider says that the Complainant called back unhappy with the level of compensation and a further €100.00 euros was paid.

The Provider submits that the credit limit decrease letter issued in the post to the Complainant at his home address on 27 May 2016, and that the Complainant did not contact it again until 18 July 2016 where he raised a complaint. The Provider notes the Complainant's contention that the credit limit was reduced in March 2016, from €2,300.00 to €1,870.00, but submits that there is no evidence of this, and it points to the April 2016 statement, confirming the credit limit of €2,300.00 and it submits that it was reduced in May 2016, to €475.00.

The Provider notes the Complainant's submission, that he would have gone on holiday without knowing he did not have funds available to him, on his credit card. The Provider says that this is incorrect, as he was fully aware of the decrease in May 2016 both by way of "statement information" and from a telephone call with the Provider, on 25 May 2016.

The Provider submits that in the Statement which issued to the Complainant on 17 May 2016, it informed the customer as follows – *"Please note that because you have missed more than one payment, we have decreased your credit limit to 475. If you have any queries, please ring us on [telephone number]."*

The Provider acknowledges that it did not inform the customer by letter, prior to the credit limit decrease, but submits that a business decision was taken for the reasons explained above. The Provider submits that it is also included in the Terms and Conditions, governing the account that it can decrease the limit at any time.

### **Decision**

During the investigation of this complaint by this Office, the Provider was requested to supply its written response to the complaint and to supply all relevant documents and information. The Provider responded in writing to the complaint and supplied a number of items in evidence. The Complainant was given the opportunity to see the Provider's response and the evidence supplied by the Provider. A full exchange of documentation and evidence took place between the parties.

In arriving at my Legally Binding Decision I have carefully considered the evidence and submissions put forward by the parties to the complaint.

Having reviewed and considered the submissions made by the parties to this complaint, I am satisfied that the submissions and evidence furnished did not disclose a conflict of fact such as would require the holding of an Oral Hearing to resolve any such conflict. I am also satisfied that the submissions and evidence furnished were sufficient to enable a Legally Binding Decision to be made in this complaint without the necessity for holding an Oral Hearing.

A Preliminary Decision was issued to the parties on 19 July 2018, outlining the preliminary determination of this office in relation to the complaint. The parties were advised on that date, that certain limited submissions could then be made within a period of 15 working days, and in the absence of such submissions from either or both of the parties, within that period, a Legally Binding Decision would be issued to the parties, on the same terms as the Preliminary Decision, in order to conclude the matter.

In the absence of additional submissions from the parties, the final determination of this office is set out below.

The Complainant entered into a Credit Card Agreement with the Provider in 2010. By 2016, the credit limit on the card was €2,300. The Complainant's complaint is that this limit was reduced unfairly and without any notification to him.

The Provider's final response letter, which issued on **19 August 2016**, stated:

*"After looking into this for you, I can see your account was in arrears status and letters were issued to your previous address on 25 April 2016 and 12 May 2016 to explain the position to you. We reviewed your account conduct on 18 May 2016 as four payments had been missed over the past year, a decision was made to reduce your credit limit from €2300 to €475. I am truly sorry you were not informed of this decision until you contacted us on 25 May 2016."*

I will turn now to examine the events which occurred between the parties on 25 May 2016.

Telephone Conversation 25 May 2016

The Complainant called the Provider, on **25 May 2016**, and requested it to change the address it had on record for him, so that correspondence would go to his home address, instead of his work address.

This action completed, the Agent asked the Complainant if there was anything else which he could help him with, to which the Complainant replied, *"can I look to increase the limit on the card"*?

The Agent responded by advising, *"now, with regards to the credit limit increase, em, it looks as if the credit limit has been decreased on the account, automatically..."*

The Complainant queried why this was.

The Agent responded, in the following way:

*"€2,300, it's been reduced to, by, 1,825 pounds, eh, euros, sorry. If you give me just a second I'm just going to have a look and see why that was, ok? I'll just pop you on hold again and just get back to you as soon as possible as regards to this"*

[Complainant is placed on hold]

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*"...I think the reason that the credit limit has been decreased automatically is just because the account has been paid late on seven previous occasions. So, it's just essentially the account conduct has, I'd imagine, decreased the credit limit. Also it could be any fees, or maybe potential risk assessments that have been carried out on the credit file of yours, that can also decrease and make a change in the credit limit."*

The Agent advised that the Complainant could appeal this and he confirmed that was something that he wished to do.

The Complainant called the Provider, on **18 July 2016**, advising that he had opened his June statement and had noticed that the credit limit had been reduced. The Agent explained that this had been reduced in May.

The Provider has submitted, in this regard, that:

*"when the customer called on 25 May 2016, he did not make any mention of being unhappy with the credit limit being decreased. Additionally, after the credit limit decrease letter went out on 27 May 2016, the customer did not contact us again until 18 July 2016 where he raised a complaint. The customer claims the credit limit was reduced in March 2016 from €2300 to €1870... This is incorrect as he was fully aware of the decrease in May 2016 both by statement information as below and the call on the 25<sup>th</sup> May 2016."*

I am satisfied that the Provider did reduce the Complainant's credit limit in May. However contrary to the Provider's assertions, I am not satisfied that the Complainant was *"fully aware of the decrease in May"*.

The Provider, within its submissions, says a *"credit limit decrease letter went out on 27 May 2016"*. However, the letter which issued on 27 May 2016, to the Complainant did not advise of a credit decrease, but rather advised that it was unable to increase the credit limit, but that it could re-assess the situation after 6 months.

Indeed the Provider has acknowledged elsewhere that no notice letter was sent to the Complainant, in advance of the decrease to the credit limit.

A message did appear on the face of the May statement, which advised of the limit decrease which had occurred and I will return to examine this in more detail, below.

In its Final Response Letter which issued to the Complainant in August, the Provider stated that it was *"truly sorry you were not informed of this decision until you contacted us on 25 May 2016"*. However, regarding the call which occurred on 25 May 2016, having listened to the telephone call, I note that whilst the Agent mentioned that there had been a decrease, the amount of the decrease was not conveyed clearly to the Complainant.

As a result of the conversation, the Complainant appears to have understood that his credit limit had been reduced to approximately €1,800. From listening to the audio recording, I believe that this occurred due to poor communication on the part of the Provider. The Agent told him that, the *"€2,300, it's been reduced to, by, 1,825 pounds, eh, euros, sorry."* He was

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speaking quickly and it seems that the Complainant understood that the limit had been reduced **to** €1,825, which is what the Agent had indeed said, before correcting himself by saying “by”. It was not at all clear from the conversation and the way in which it was conveyed to the Complainant, that the Provider had reduced the credit card limit to €475, and this figure was not mentioned, at all.

Correspondence with the Complainant

By letter dated **25 April 2016**, the Provider wrote to the Complainant’s nominated work address, advising of a late payment on the account. This letter stated that the Balance was €429.26, the Credit Limit was €2,300 and that a payment of €11 was required to bring the “account back to order”. The letter noted that “*We haven’t received your last month’s payment. Your account is in arrears by the amount shown above and we’ve charged a late payment fee of €6.35 to your account.*”

By letter dated **12 May 2016** the Provider wrote to the Complainant at his nominated work address advising that the account had fallen into arrears on 12 April 2016 and that the outstanding arrears were €11.00.

By letter dated **25 May 2016** the Provider wrote to the Complainant thanking him for letting it know his new address and advising that it had updated its records accordingly.

By letter dated **27 May 2016** the Provider wrote to the Complainant declining his request, made on 25 May, for an increase of his credit limit.

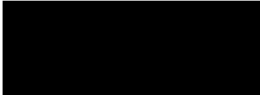
The Complainant has submitted that he received no advance warning of a decrease to the credit limit and it was only in **July 2016**, that he discovered that the limit had been decreased, leaving him in a difficult position.

The Provider has submitted that in advance of the decrease it had issued statements to the Complainant, at his work address, showing late payments. I note, from the documentation furnished, that there are statements dated **17 November 2015, 17 January 2016, 17 April 2016 and 17 May 2016**.

The Provider submits that the statement dated 17 May 2016, shows the “*limit decrease message*”.

I have reproduced, in part, below, the first page of each of these Statements, from April and May 2016:





Total Credit Limit	€ 2,300

**Summary 17 April 2016**

Balance brought forward from previous statement	€ 388.02
Payments to your account	€ 0.00
Spending on your account, plus any adjustments	€ 41.24

**New Balance = € 429.26**

**Minimum Payment € 23.00**

Pay overdue sum € 11.00 now, remainder as above  
 Your minimum payment should reach your account by 12 May 2016  
**Minimum Payments**  
 If you make only the minimum payment each month, it will take you longer and cost you more to clear your balance.  
 If you are unable to pay the minimum payment, please contact us as soon as possible.

If you do not pay off the full amount outstanding, we will allocate your payment to the outstanding balance in a specific order, which is set out overleaf within the summary box section on allocation of payments. The way in which payments are allocated can make a significant difference to the amount of interest you will pay until the balance is cleared completely.  
 If you make the minimum payment of € 23.00 and it reaches us on the due date of 12 May 2016, your estimated interest payment next month is € 4.31. Please refer to overleaf for further details.



Total Credit Limit	€ 475

**Summary 17 May 2016**

Balance brought forward from previous statement	€ 429.26
Payments to your account	€ 0.00
Spending on your account, plus any adjustments	€ 10.72

**New Balance = € 439.98**

**Minimum Payment € 36.00**

Pay overdue sum € 23.00 now, remainder as above.  
 Your minimum payment should reach your account by 11 Jun 2016  
**Minimum Payments**  
 If you make only the minimum payment each month, it will take you longer and cost you more to clear your balance.  
 If you are unable to pay the minimum payment, please contact us as soon as possible.

Please note that because you have missed more than one payment, we have decreased your credit limit to 475. If you have any queries, please ring us on

If you do not pay off the full amount outstanding, we will allocate your payment to the outstanding balance in a specific order, which is set out overleaf within the summary box section on allocation of payments. The way in which payments are allocated can make a significant difference to the amount of interest you will pay until the balance is cleared completely.  
 If you make the minimum payment of € 36.00 and it reaches us on the due date of 11 Jun 2016, your estimated interest payment next month is € 4.48. Please refer to overleaf for further details.

I observe that within the May statement, the "Total Credit Limit" is €475, whereas in the January and April 2016 Statements, this limit is €2,300.

I note that there is a message on the face of the May Statement, which states "Please note that because you have missed more than one payment, we have decreased your credit limit

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to 475.” However, the size of the message font, means that it could be easily missed or overlooked. It does not reflect the importance of the message it conveys and no real attempt is made by the Provider to draw the customer’s attention to this message.

The above statement therefore comprises the full extent of the notice given to the Complainant, informing him that a change had occurred. The Provider acknowledges that it did not issue a separate letter advising of this change in credit limit, either in advance, or at the time when the change was applied.

#### Terms and Conditions of the Agreement

The Provider has submitted that it was entitled to make a “*business decision*”, to decrease the Complainant’s credit limit. It has pointed to the terms and conditions governing the agreement between the parties, in support of its right to do so.

The Provider was requested, to furnish a copy of the relevant terms and conditions, which it did, but only after a number of requests and at a significant remove of time. I have had regard to this document, headed “*Credit Agreement – Important Information as at 11 June 2010*”. On the first page it states as follows:

“*Financial details about the card:*

1. *We will set your credit limit and advance limit and we may change them at any time. The advance limit is 30% of the credit limit. We will give you written notice of any change.”*

Having examined all of the evidence I do not find that the Provider provided any adequate written “*notice*”, in advance of the change or “*of any change*”. Rather, the Statement of May 2016 advised that “*we have decreased your credit limit.*” I am not convinced that this note was in accordance with the Provider’s obligations as per its own Credit Agreement.

Overall, I am satisfied, for the reasons set out above that this complaint should be partially upheld. I note that the Complainant has sought, by way of relief, to have the credit limit of the credit card reinstated to the original sum of €2,300. However, I accept that the decision to amend the credit balance is a matter which remains within the commercial discretion of the Provider and, consequently, this Office will not interfere with same. I also note, that the Provider has, to date, given the sum of €200 to the Complainant “*for not informing the customer of the credit limit increase.*” However, in light of the foregoing considerations, including the Provider’s failure to issue adequate notice to the Complainant of the decrease to the credit limit, contrary to its own terms and conditions, as well as its poor communication of the decrease which had already occurred, I consider that it is appropriate to direct the Provider to make further payment of €300.00 to an account of the Complainant’s choosing.



## **Conclusion**

- My Decision pursuant to **Section 60(1)** of the **Financial Services and Pensions Ombudsman Act 2017**, is that this complaint is partially upheld, on the grounds prescribed in **Section 60(2)(g)**.
- Pursuant to **Section 60(4) and Section 60 (6)** of the **Financial Services and Pensions Ombudsman Act 2017**, I direct the Respondent Provider to make a compensatory payment to the Complainant in the sum of €300.00, to an account of the Complainant's choosing, within a period of 35 days of the nomination of account details by the Complainant to the Provider. I also direct that interest is to be paid by the Provider on the said compensatory payment, at the rate referred to in **Section 22** of the **Courts Act 1981**, if the amount is not paid to the said account, within that period.
- The Provider is also required to comply with **Section 60(8)(b)** of the **Financial Services and Pensions Ombudsman Act 2017**.

The above Decision is legally binding on the parties, subject only to an appeal to the High Court not later than 35 days after the date of notification of this Decision.

**MARYROSE MCGOVERN**  
**DIRECTOR OF INVESTIGATION, ADJUDICATION**  
**AND LEGAL SERVICES**

16 August 2018

Pursuant to **Section 62** of the **Financial Services and Pensions Ombudsman Act 2017**, the Financial Services and Pensions Ombudsman will publish legally binding decisions in relation to complaints concerning financial service providers in such a manner that—

- (a) ensures that—
  - (i) a complainant shall not be identified by name, address or otherwise,
  - (ii) a provider shall not be identified by name or address,and
- (b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.