

The complaint

Mr B complains that Frasers Group Financial Services Limited trading as Studio, didn't tell him that his application for credit was declined.

What happened

Mr B applied for a credit account with Studio on 3 September 2023. Mr B says he requested an update from Studio around a week later, at which point he was told to contact it again on a certain date. Mr B got in touch with Studio on the date, but it still hadn't made a decision as to the outcome of his application and told him to wait to hear from it.

Mr B says he chased a response from Studio again, at which point he was told that he would now need to contact a different department. After this, he spent time contacting numerous different departments at Studio, and still no one was able to help him or provide him with an outcome to his application.

Eventually, after contacting Studio again, Mr B was told that his application had been unsuccessful. Mr B says he queried why no one had provided him with this information previously, to which the agent replied that they didn't know why that hadn't happened. The agent explained to Mr B that he should have received an email letting him know the outcome, but Mr B said he hadn't received this.

Mr B says that his complaint is about the poor service he received in relation to his application. He says when he looks at the application online it still says that it is being referred. And he hasn't received an email about the outcome of his application.

Mr B says the result of all of this is that he's been left feeling mentally drained, stressed, frustrated and anxious.

Studio didn't uphold Mr B's complaint. It said he hadn't been accepted for a credit account because he didn't meet the minimum criteria required to open an account. It went on to say this decision was based on information provided by Mr B at application, and information received from the credit reference agencies. Studio said that it would have let him know the outcome of the application by email.

An Investigator considered what both parties had said, and they thought that Mr B's complaint should be upheld, and that Studio should pay Mr B £100 to put things right. The Investigator noted that Mr C had contacted Studio on numerous occasions to get an update on his application. And it wasn't until 28 September 2023, that he was provided with an outcome to the application. The Investigator also found that Mr C hadn't been sent an email about the declined application due to an error on its systems.

Mr B accepted the Investigator's outcome, but Studio didn't. It said:

We appreciate that Mr B... was somewhat inconvenienced, but we could not provide him with an answer that we didn't know existed until further investigations were undertaken by our IT department. It was not something that would be seen on the surface by an advisor.

This was something beyond our control, as the system glitch had not been identified at this point.

It took 22 days for Mr B.. to be informed his application had been denied, which is longer than we would expect; however, we would expect any reasonable person to realise the application had been denied.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 considered all of the information available to me, I have decided to uphold Mr B's complaint.

Mr B made an application for a credit account with Studio on 3 September 2023. I can see from Studio's internal system records that a decision to decline his application was made on 6 September 2023. But due to a system error he wasn't sent an email to let him know.

Mr B has provided this service with evidence to show that he made numerous phone calls to Studio after his application. And both parties have agreed that he wasn't told his application had been declined until 28 September 2023. I have also seen evidence to show that Mr B's application was still showing as being referred online. So, he had no way of knowing the outcome until this was explained to him on 28 September 2023.

I don't accept Studio's argument that it couldn't have known Mr B's application had been declined earlier. Its internal system notes clearly show that his application had been declined on 6 September 2023. While it's agents may not have had access to this information, more could have been done to obtain the information at an earlier point in time – and it is ultimately up to Studio to decide what information is accessible by its agents. I accept that this all may have happened as a result of a system glitch, that Studio weren't aware of, but this doesn't negate from the fact that as a result of a glitch, Mr B wasn't provided with information in a timely manner. Studio are responsible for system issues or glitches that negatively impact its customers, which is what's happened here.

I also don't find it reasonable that Mr B should have assumed his application had been declined – when he called Studio, the agents said there was no update on his application, and the information Mr B had access to confirmed his application had been referred. I struggle to see why Mr B would have assumed this meant his application had been declined.

Overall, I agree the service Mr B received from Studio has been poor. It failed to send him an email to let him know the outcome of his application. It then took for Mr B to make many phone calls to Studio before he got an answer regarding the outcome of his application – Mr B should have been provided with this information in the first phone call he made. All of this has caused Mr B unnecessary distress and inconvenience.

Putting things right

Studio should put things right for Mr B by paying him £100 to compensate him for the poor service he received.

My final decision

For the reasons set out above, I uphold Mr B's complaint. I order Frasers Group Financial Services Limited trading as Studio to put things right for Mr B by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 June 2024.

Sophie Wilkinson
Ombudsman