

The complaint

Mr R is unhappy that Marks & Spencer Financial Services Plc trading as M&S Bank ('M&S') declined his application for a credit card.

What happened

On 13 December 2023, Mr R applied online for a credit card with M&S. However, his application didn't meet their lending criteria, so it was declined. Mr R called M&S to ask why and was advised he would receive a letter explaining this. No letter was received, and, in January 2024, Mr R called M&S to again ask for the decline reason, he was told by the advisor that they would speak to the underwriting team to find this out.

M&S have acknowledged this shouldn't have happened, as an automated decline wouldn't go through their underwriting team. They've said that, instead, they should've explained to Mr R that they were unable to provide an exact reason. And they offered Mr R £50 compensation for this error.

Mr R wasn't happy with what'd happened, and he brought his complaint to the Financial Ombudsman Service for investigation. When making his complaint to us, Mr R explained that he had a perfect credit score, so couldn't understand the reason for decline, and he was worried about the impact this could have on any future applications for credit he may make.

Our investigator explained that we are unable to overturn M&S's decision to decline his application, and she thought the explanation that Mr R didn't meet the lending criteria was sufficient. The investigator also said that this shouldn't necessarily affect any future credit applications. So, the investigator thought M&S had acted reasonably, and thought the £50 offer was fair for the errors they'd made.

Mr R didn't agree with the investigator's opinion. He said he would like to know the reason his application was declined, and he remained concerned about any future impact this may have. He didn't think this lack of transparency fitted with M&S's obligations to treat customers fairly, and he asked for an ombudsman to make 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

M&S have explained that they have a lending criteria that takes into consideration a number of different factors. Applications are considered on a scorecard basis, where points are allocated according to the criteria, and applications that don't meet the scoring threshold are

declined. It's also the case that M&S's lending criteria is commercially sensitive information. M&S have said that, because of this, they're unable to give an exact reason why Mr R's application was declined.

Financial businesses such as M&S are entitled to set their own lending criteria, in line with any requirements set down by their regulator, and it's possible for them to change this criteria due to changes in their appetite for risk and other business needs. It's not the role of the Financial Ombudsman Service to tell financial businesses what criteria they should apply, nor are we able to tell a financial business to overturn a decision.

Given this, I'm satisfied that M&S have acted reasonably by advising Mr R that his application had been declined, and by not providing him with specific information as to where and why his application failed to meet the lending criteria they had in place at the time.

I've also noted Mr R's concerns about any future credit applications he may make. Mr R has said he has a perfect credit score (999 out of 999). While I haven't seen anything to show me this is the case, I don't doubt Mr R's word on this. And, while Mr R has a potential concern, I also haven't seen anything to show me that any applications Mr R has made have been adversely and incorrectly impacted by M&S's decision to decline his application.

When considering compensation, I'm only able to look at what has happened, and we don't direct compensation for something that may potentially happen in the future. As such, I won't be asking M&S to compensate Mr R for this. What's more, I can't hold them responsible for what criteria another financial business may apply in the future. So, if Mr R is declined for credit in the future, and that decline was solely because of M&S's decision to decline his credit card application in December 2023, he would need to raise the issue at that point.

Given the above, I won't be asking M&S to do anything more. And it's now for Mr R to decide whether to accept the £50 they've offered for the administrative errors they made.

My final decision

For the reasons explained, I don't uphold Mr R's complaint about Marks & Spencer Financial Services Plc trading as M&S Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 May 2024.

Andrew Burford
Ombudsman