

The complaint

Miss K complains Sainsbury's Bank Plc have threatened to default her credit card accounts and haven't been supportive or helpful during her ongoing financial difficulties.

What happened

Miss K was provided with two credit cards by Sainsbury's Bank. In 2022 Miss K asked for forbearance from Sainsbury's Bank as her financial circumstances had changed. During this time she was also dealing with ongoing personal matters which she says Sainsbury's Bank had been made aware of.

Miss K says Sainsbury's Bank weren't supportive of her situation and continuously threatened to default the credit cards, due to the arrears that were accruing. Miss K says she repaid one credit card in full and cleared the arrears on the second, maintaining an ongoing monthly payment to reduce the total outstanding balance.

In 2023 Miss K complained to Sainsbury's Bank. She said it had failed to support her through her financial difficulties; and that its continual request for repayment of the outstanding balance and what she considered were threats to default the account caused her stress and anxiety.

Sainsbury's Bank reviewed the complaint and didn't uphold it. It said it had offered Miss K forbearance once it became aware of her financial circumstances; and that it had continued to engage with her to make her aware of the account statuses and possible future consequences should payments not be made, in line with its regulatory obligations.

Miss K didn't accept Sainsbury's Bank's outcome and referred her complaint to our Service for review.

Our Investigator reviewed all of the evidence available to him and didn't uphold Miss K's complaint. He acknowledged Miss K's circumstances, both from a financial and personal point of view, but concluded Sainsbury's Bank had generally acted reasonably in its dealings with her. He also noted that Sainsbury's Bank had already agreed to hold the account until August 2024 – meaning no further interest or charges would be added – at which time it has said it will reassess Miss K's financial situation.

Sainsbury's Bank has previously paid Miss K a total of £200 in recognition of service failings it had acknowledged; and our Investigator didn't find it needed to take any further action in order to fairly resolve the complaint.

Sainsbury's Bank accepted our Investigator's outcome; Miss K disagreed. In summary she reiterated her arguments about why she considers Sainsbury's Bank's correspondence about defaulting her accounts to be harassing, and how it hasn't supported her in line with its obligations, given her individual circumstances.

Miss K asked for an Ombudsman's decision, so the case has been passed to me to decide.

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.

I'd like to assure Miss K I've carefully considered the information she has provided me directly, as well as all of the information already on file that has been presented by both parties. While my decision doesn't cover all the points or touch on all of the information that has been provided, I have carefully reviewed everything available to me. A lot of the evidence provided by Miss K directly to me was a duplicate of what had already been presented; and mostly related to her personal circumstances spanning a number of years. I accept Miss K has provided this information to give me a background knowledge of her personal circumstances, which I can't begin to imagine how difficult have been for her; however, while having this background knowledge I've focused my decision here on what I consider to be the key points and facts relevant to this complaint.

I think it's helpful for me to set out from the beginning that having considered everything I'm not upholding Miss K's complaint. I appreciate this will be disappointing for Miss K. It's clear she feels Sainsbury's Bank's management of her credit cards and its interactions with her have been unreasonable and unsupportive, given her individual circumstances. But, for the reasons I've set out below, I can't agree Sainsbury's Bank's actions have been unreasonable to the extent that it needs to take any further action than it already has in resolution of her complaint.

Correspondence about the account statuses and possible default action

Miss K has said in around mid-2022 her financial circumstances changed, and she made Sainsbury's Bank aware she was in financial difficulties. I've seen Sainsbury's Bank's contact notes reflect this; and around this time the credit card statements show direct debit payments being returned and her balances at times going above the agreed credit limits. It was from this point onwards that Miss K failed to maintain payments or minimum payments to her accounts, and they fell into arrears.

Following the missed payments Sainsbury's Bank issued Miss K with Notice of Sums in Arrears letters. I've reviewed these letters, as well as Miss K's monthly credit card statements, and the ongoing correspondence Miss K has received about the arrears and the remaining open account status.

The credit card statements make it clear that failing to make the minimum monthly contractual payment is a breach of her agreements, which could lead to legal action. These monthly credit card statements provided Miss K with information about the status of her accounts, and possible consequences should the accounts remain in arrears.

Sainsbury's Bank issued Miss K with a number of Notice of Sums in Arrears letters, in line with its regulatory obligations. The purpose of these notices was to set out the ongoing situation with her accounts, and possible consequences should the accounts not be brought back in line with the agreements. These notices are a regulatory requirement for a lender to send to a customer, so I'm satisfied Sainsbury's Bank was meeting its regulatory responsibilities in issuing these to Miss K.

I've also listened to phone calls where the account statuses were detailed and discussed; and reviewed emails, where information about Miss K's financial circumstances and the arrears and possible default action was detailed and discussed, including the more recent emails in January 2024.

I don't doubt Miss K's testimony that she's found Sainsbury's Bank's correspondence detailing legal action and default action threatening and harassing; and that this has affected her health. But the financial situation Miss K found herself in with these accounts, and continues to be with the remaining account, is a serious one, with serious consequences should it not be resolved.

As I've set out above, Sainsbury's Bank has a regulatory responsibility to keep Miss K updated about the account statuses, and much of the correspondence and information it has provided Miss K, and continues to provide her, is to ensure it meets these obligations.

As such I can't agree the information Sainsbury's Bank has provided Miss K about her accounts, and continues to provide her, is at a level I would consider unreasonable or threatening. I consider it's keeping Miss K updated and is reasonably making her aware of the consequences of continued arrears, which could include the remaining account being defaulted.

My findings here are in no way intended to detract from how this information has been received by Miss K, as that is very personal. But I can't agree Sainsbury's Bank has acted unfairly or in a harassing manner when it has ensured it has explained the possible consequences, including default, of sustained arrears on her accounts.

Past and ongoing support with Miss K's circumstances

I've gone on to consider if Sainsbury's Bank has acted reasonably in the forbearance measures it has provided Miss K. Having done so, I generally consider it has acted reasonably in its actions.

I say this because I've seen from the contact notes Sainsbury's Bank has provided, and the phone calls I've listened to, that it has looked to reasonably take into account Miss K's situation, and it has offered her a reasonable level of forbearance by stopping all interest and charges to the remaining account.

In fact, I've seen that given Miss K's individual circumstances it has extended its support on a number of occasions, outside of its normal process, given it considers Miss K to be a vulnerable consumer. It's current support on the remaining account has been in place for nearly two years now; and I've noted it has stopped all interest and charges to this account until August 2024, at which time it will review her situation. This is in addition to numerous refunds of interest, charges and fees to reduce Miss K's total outstanding balances, which had originally been fairly applied to her accounts.

Miss K suggests Sainsbury's Bank should be doing more; and should be looking to extend the current arrangement once it ends in August 2024.

I appreciate Miss K is concerned about the action Sainsbury's Bank may take in August 2024; including that it's said it can't hold the account any further after this time, and that defaulting the account may be the most reasonable or only option. While I understand why Miss K will be looking for further forbearance, I'm not in a position to tell Sainsbury's Bank what action it can or should take in the future. It will be up to Sainsbury's Bank to review Miss K's financial situation at that time and decide, while taking reasonable consideration of its regulatory obligations and Miss K's individual circumstances, how it should proceed with the ongoing management of her credit card.

But I would set out for Miss K's awareness that forbearance measures are generally agreed for what is reasonably considered short term problems, where there is a probable and reasonable prospect that a customer will be able to make payments at a level that would

bring an account back in line with its agreement over a reasonable period of time. Part of Sainsbury's Bank's regularity obligations include not allowing a customer's account to remain in breach of an agreement when there's little to no reasonable prospect of it being brought back in line within a reasonable period of time.

By defaulting an account a lender would stop further interest and charges being accrued, and it would mean adverse information reported to credit reference agencies wouldn't be recorded on a customer's credit file any longer than it reasonably ought to be.

So, while I understand Miss K feels Sainsbury's Bank should extend its current forbearance measures, it is for Sainsbury's Bank to review the circumstances in August 2024 when the current arrangement ends, and decide what the relevant next steps for the account will be.

At the current time, I consider Sainsbury's Bank's level of forbearance hasn't been unreasonable in Miss K's individual circumstances.

Sainsbury's Bank's level of customer service

Sainsbury's Bank has acknowledged there have been occasion where it has provided Miss K with a level of customer service below what she should reasonably expect to receive. This has been in relation to prematurely defaulting the accounts, and in the level of service provided during phone calls.

In its final response letters Sainsbury's Bank has confirmed the defaults were reversed with no detrimental impact on Miss K; and that calls could have been handled better, with information being provided to Miss K at an earlier opportunity. Sainsbury's Bank has paid Miss K a total of £200 for these failings.

I've carefully considered this level of award and the impact it's had on Miss K. Having done so I consider it is in line with what I would reasonably expect Sainsbury's Bank to award in the circumstances. I say this because there is no doubt, and an acknowledgement from Sainsbury's Bank in any event, that it could on occasion have handled things better.

But it took prompt action to reverse the defaulted accounts, and ensured there was no detrimental impact to Miss K. And although I accept Miss K had needed to call Sainsbury's Bank on a number of occasions to obtain information, this was then resolved and provided at a higher level. In addition, Sainsbury's Bank extended its forbearance measures as part of its resolution.

So, I consider Sainsbury's Bank has looked to reduce the impact of these errors as best as it could have, which were generally isolated incidents, over a relatively short period of time, and £200 is a reasonable award in recognition of these failings.

In summary, having taken everything into account, and for the reasons set out above, I'm satisfied Sainsbury's Bank doesn't need to take any further action in resolution of Miss K's complaint. But I would remind Sainsbury's Bank of its obligations in treating Miss K fairly and sympathetically when looking to engage with her, and in any future action in may take in August 2024 and onwards in relation to the account.

As I've set out above, Miss K has provided us with a lot of information detailing her past and ongoing personal circumstances, which I am sorry to learn of. It's clear from all of the information she has shared with us that she has been through, and continues to go through, some very difficult circumstances, both from a financial and personal point of view. My decision here is in no way intended to downplay the circumstances Miss K has made us aware of, or doubt how she feels Sainsbury's Bank have treated her. But overall, I can't

agree Sainsbury's Bank's actions have been unreasonable, or at a level that that would reasonably warrant further compensation, no matter how strongly Miss K disagrees that to be the case.

My final decision

My final decision is that I'm not upholding Miss K's complaint about Sainsbury's Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 19 June 2024.

Richard Turner
Ombudsman