

The complaint

Mrs R complains about problems with Sainsbury's Bank Plc after a credit card payment wasn't made.

What happened

Mrs R has a Sainsbury's Bank credit card and has explained that, due to an oversight, her November 2023 direct debit payment was returned to her bank. Mrs R's husband, an additional card holder, called Sainsbury's Bank and attempted to make the payment. But as Mrs R's husband isn't the primary card holder, he wasn't able to access the account and the payment couldn't be taken.

Mrs R's told us she intended use a cheque to clear the outstanding balance but there was a mistake which meant it wasn't paid. Mrs R made a payment of £33.12 to cover the minimum payment and a payment of £2,562.47 was made on 16 December 2023. On 7 December 2023, Sainsbury's Bank sent Mrs R a new credit card.

At the end of December 2023 an automated review of Mrs R's credit card was conducted by Sainsbury's Bank and the credit limit was reduced from £7,300 to £1,100.

Mrs R went on to raise a complaint and Sainsbury's Bank issued a final response on 30 January 2024. Sainsbury's Bank explained it couldn't give Mrs R's husband access to her account when he called to discuss the missed payment on her behalf. Sainsbury's Bank added that a cheque from Mrs R hadn't been received and that a payment was made on 16 December 2023. Sainsbury's Bank said it had correctly reviewed Mrs R's credit card and reduced the limit to £1,100. But Sainsbury's Bank confirmed Mrs R's previous credit limit of £7,300 had been reinstated following another review. Sainsbury's Bank also confirmed it had removed the November 2023 missed payment from Mrs R's credit file. Sainsbury's Bank added that Mrs R needed to have a mobile phone to access its online banking facility, in line with EU regulations.

An investigator at this service looked at Mrs R's case. They weren't persuaded that Sainsbury's Bank had made mistakes or treated Mrs R unfairly in terms of the November 2023 payment or decision to reduce her credit limit. But the investigator upheld Mrs R's complaint as they felt Sainsbury's Bank's requirement for her to have a mobile phone to access its online banking facility was unfair and not in line with Financial Conduct Authority (FCA) guidance. The investigator acknowledged they couldn't tell Sainsbury's Bank to change the way its services are accessed, but they recommended Sainsbury's Bank pay Mrs R £300 for the distress and inconvenience caused by being unable to access its online banking facility as other customers can. Sainsbury's Bank asked to appeal and said Mrs R wasn't disadvantaged by not having access to its online banking facility. As a result, Mrs R's case has been passed to me to make a 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.

As Mrs R's case falls broadly into two parts, I'll start by looking at what happened after Mrs R's November 2023 payment failed. I understand this was a genuine oversight on Mrs R's part and that her payment was made up the following month. But from Sainsbury's Bank's view, Mrs R's normal direct debit payment wasn't received. And whilst I understand Mrs R's husband tried to resolve the error, he wasn't authorised to access her credit card with Sainsbury's Bank.

Whilst I understand Mrs R made up the payment in December 2023, I'm satisfied it was reasonable for Sainsbury's Bank to review her account. And I'm satisfied Sainsbury's Bank's terms and conditions allow it to review and account and reduce the credit limit. So I'm unable to agree a mistake was made or that Mrs R was treated unfairly. With that said, I'm pleased to see another review of Mrs R's account led to the original credit limit being reinstated.

Ultimately, whilst I understand why Mrs R was frustrated after the November 2023 payment was returned to her bank, I haven't been persuaded that Sainsbury's Bank made mistakes or treated her unfairly.

I also think it's fair to say that as an additional card holder, Mrs R's husband isn't the primary account holder. Only the primary account holder, Mrs R in this case, is the customer and account owner. So I'm satisfied Sainsbury's Bank wasn't able to discuss Mrs R's account when he called or accept a payment from him.

In its final response to Mrs R Sainsbury's Bank said that EU regulations meant it could only provide access to its online banking facility to customers who have a mobile phone. But Mrs R has explained that she doesn't have access to a mobile phone so can't register to use the online banking facility. I think our investigator makes a reasonable point he highlights guidance issued by the FCA, the industry regulator within the UK. The FCA issued guidance that explained businesses should mitigate the potential of isolating certain consumers by requiring access to a mobile phone to use their services – specifically the use of passcodes for stronger customer authentication. The guidance explains businesses should ensure customers without a mobile phone are given access to alternative means of authentication but Sainsbury's Bank has confirmed there's no alternative for Mrs R so she can use its online banking facility.

I note Sainsbury's Bank's responses to the investigator explains that Mrs R can still get One Time Passcodes sent to her landline to allow her to complete online purchases securely. Whilst that may be the case, I'm satisfied Mrs R doesn't have the same access as other customers of Sainsbury's Bank do where they have a mobile phone. And I haven't been persuaded that the absence of access to an important facility like online banking can simply be dismissed. Like the investigator, I understand we can't tell a business to change the way it operates. But I'm satisfied that in the specific circumstances of Mrs R's case she has been unfairly disadvantaged by Sainsbury's Bank's requirement to have a mobile phone to access its online banking facility. And I'm satisfied that a payment of £300 fairly reflects the level of distress and inconvenience caused. So I'm going to proceed on that basis and uphold Mrs R's complaint.

My final decision

My decision is that I uphold Mrs R's complaint and direct Sainsbury's Bank Plc to settle by paying her £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 11 September 2024.

Marco Manente
Ombudsman