

The complaint

Miss T complains that Marks and Spencer Financial Services Plc (M&S) unfairly increased the interest rate of her credit card account.

What happened

Miss T says M&S told her in May 2019 the interest rate on her credit card account was increasing. She says she was given two options, of accepting the increase or rejecting it which would have meant she would have been unable to continue spending on the account. Miss T says M&S's actions were unfair and unethical and would result in irresponsible lending if she had accepted the interest change. She says she closed her account and transferred the balance. Miss T says M&S has caused her distress and would like an explanation into what took place.

M&S says it gave Miss T notice on 7 May 2019 that it intended increasing the interest rate on her credit card account on 17 July 2019. It says it's entitled to take such action in line with the account terms and conditions and gave more than the required 14 days notice. It also says it gave Miss T general reasons why it took the decision and is not obliged to provide the exact reason. M&S says the increase would have meant for every £100 borrowed, interest would increase by about £0.21.

Miss T brought her complaint to us and our investigator didn't uphold it. The investigator thought M&S was entitled in line with account terms and conditions to change the interest rate and had provided appropriate notice of it. Then investigator didn't think M&S was obliged to provide any further details of its reasons to do so, as that information was likely to be commercially sensitive. And that it was up to M&S to decide with whom it lends to.

Miss T doesn't accept that view and says she doesn't agree that it's up to M&S to decide who it lends to and says she's not been treated fairly. She says if she applied for a new M&S credit card it's likely that application would be refused and says if she had accepted the interest rate change, that lending would be unaffordable and so irresponsible lending.

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 have come to the same overall view as the investigator and for the same reasons. I realise Miss T will be disappointed by my decision, and I appreciate how strongly she feels about what's taken place.

I have looked at the account terms and conditions which I think Miss T would have agreed to when the account was opened. Those terms and conditions say that M&S can change the interest rate it charges by giving appropriate notice. I can see that is what took place here, and so I'm satisfied M&S acted in line with agreed account terms and conditions and didn't make a mistake or act unfairly by doing so. I think it gave Miss T over two months notice of

the interest rate change which is significantly longer than the time period allowed in the terms and conditions.

I'm satisfied that M&S told Miss T in general terms why it was taking that decision and I don't think its obliged to tell Miss T the exact reasons, as I think such information is likely to be commercially sensitive. I'm also satisfied the account terms and conditions make clear that M&S will review customers accounts and that it's entitled to decide, when exercising its commercial judgement, with whom it decides to lend to.

I appreciate that Miss T says the lending would have been unaffordable if she had agreed to the interest rate increase and that the lending would then become irresponsible. I don't think that is automatically the case. And in any event, I can see that in Miss T's case the interest rate change would have meant an increase in the lending cost by about just over £1 a month.

Overall I'm satisfied M&S was entitled to change the interest rate in line with the account terms and conditions. I find it gave Miss T reasonable notice of the change and it was Miss T's choice to accept or reject the change. I also don't think it possible to say what the outcome would be if Miss T decided to apply for a new M&S credit card account or that it's relevant to this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 9 July 2020.

David Singh
Ombudsman