

The complaint and what happened

Mr A complains that The Co-operative Bank Plc has treated him unfairly in relation to his credit card account; in particular when he missed payments which resulted in arrears correspondence and other debt letters being sent to him.

The full details of this complaint are well known to both parties, so I won't repeat them here. Instead I'll recap the key points and focus on giving reasons for my decision:

- Over several months, Mr A missed making minimum repayments to his credit card account. He also went over the credit limit on several occasions. Co-op sent Mr A arrears notices and let him know when he was over the limit or payments needed to be brought up to date.
- In June 2018, Mr A was asked to bring his account up to date, or a default notice would be issued. Mr A subsequently cleared the arrears on the account. The Co-op wrote to Mr A on 22 June 2018 notifying him the card had been cancelled as it hadn't been used in accordance with the terms and condition. Further, the letter said the balance would need to be repaid before the account could be closed. Mr A is unhappy he wasn't notified in advance of the account being closed.
- Since then Mr A has been making payments to his account, with the odd payment missed. He also been sent persistent debt letters. He is unhappy with these letters as he feels they are a form of harassment.
- The credit limit on the card has also been reduced a number of occasions, which Mr A believes is impacting his credit utilisation and therefore his credit score.
- Our investigator didn't uphold the complaint as she was satisfied Co-op was acting within the terms and conditions of the account.

Latterly, Mr A has said he feels victimised and indirectly discriminated against through systemic racism from the bank.

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 would like to reassure the parties that although I have only set out the key points of the complaint I have read and considered everything provided. Having done so, I agree with the conclusions reached by the investigator for the following reasons:

- Mr A did miss minimum repayments on his credit card account, and he went over the agreed credit limit on several occasions. Where an account holder is in arrears, lenders are required to send out arrears' notices. I don't find Co-op did anything wrong in writing to Mr A when he missed a payment, needed to bring his account up to date, or when he went over the limit.
- The letter sent on 8 June 2018 was not a default notice itself, but notification that one would be sent if the account wasn't brought up to date or a payment arrangement agreed within seven days. There is no legal time frame applicable to such a notification, as there is for a default notice itself (which is required to give 28 days for

the account holder to put matters right). I understand Mr A cleared his arrears and as such it wasn't necessary to issue a default notice or default the account – Mr A hasn't sought to argue, nor has he provided evidence, to the contrary.

- Although the account wasn't defaulted where information is provided to credit reference agencies, that information is required to be accurate. Clearing arrears, doesn't mean the recording of previous missed payments, or going over the limit is removed. So I'm satisfied that it's right for Mr A's credit information to show that adverse information. I have seen nothing that would lead me to conclude it was incorrect.
- Mr A is unhappy that he wasn't notified in advance of his credit card account being closed. It's my understanding the account hasn't actually been closed – but Mr A is no longer allowed to spend on it as he didn't operate it within the account terms and conditions (as he missed repayments when due and exceeded the credit limit). Indeed, I understand it can't be closed until the balance is repaid. So what Co-op has done is restrict Mr A's access to credit under the account, something which its terms and conditions allow it to do. Whilst I accept and understand Mr A is very unhappy about that, it is essentially for a lender to decide whether or not it wants to continue providing credit, and that isn't a decision I would generally interfere with.
- Mr A is unhappy that he has been sent persistent debt letters and considers this a form of harassment. And he is unhappy as a payment arrangement has been recorded that he never agreed to. I disagree with Mr A that he is being harassed. Under measures introduced by the Financial Conduct Authority, all lenders are required to write out to account holders when they are in persistent debt. As it is obligated to correspond about that, I don't find it was harassing Mr A – it was simply complying with its obligations. And whilst he may not have agreed a set repayment arrangement with the Co-op, both parties will need to work together to come to a mutually acceptable payment arrangement. Or, if Mr A would prefer, he can contact one of the many organisations that can help with debt, such as StepChange.
- Mr A is concerned about his level of credit utilisation and believes this is being affected by Co-op's continued reduction of his credit limit. I understand the point Mr A is making, as this can form part of a credit score. But it only forms a small part of any credit score with other factors, such as missed payments, going over the credit limit and such like, having a far greater impact. And if Mr A does apply for credit, it's his repayment record, and keeping within the limit, as well as other factors, that a lender will take into account when deciding to lend. Whilst I understand Mr A's concerns, Co-op is nevertheless able to reduce a credit limit under the terms and conditions of the account.
- Mr A is also unhappy that Co-op didn't provide any breathing space during the pandemic. I have considered this carefully and am aware that Co-op waived interest for all of its customers for two months, which I consider to be a positive step. I understand that if its customers needed assistance, they needed to apply for it. I haven't seen any evidence, nor has Mr A sought to argue, that he applied for assistance. In the circumstances I don't find Co-op did anything wrong.
- Finally I note that latterly, Mr A has said that he feels victimised and indirectly discriminated against through systemic racism from the bank. I can't see that Mr A has ever raised that concern with the bank. He will need to make a complaint about that to the bank if he wants that matter considered further. And if he remains unhappy with its response, he can refer that matter here.

I do understand that Mr A got into financial difficulties which meant he wasn't able to keep up with repayments at the relevant time. But I'm not persuaded that Co-op has done anything wrong such that I would uphold this complaint or make an award.

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 Mr L to accept or reject my decision before 29 October 2021.

Claire Hopkins
Ombudsman