

The complaint

Mr H complained that Tandem Bank Limited failed to offer alternative repayment options when they told him they were going to cancel his credit card account with them.

What happened

Mr H held a credit card under Tandem's "*Tandem Membership package*". The package was subject to a monthly fee of £5.99 and included an interest free credit card and a loyalty interest rate on his Tandem account.

Tandem emailed Mr H on 3 September 2020 about his Tandem Membership. They said that his credit card would be closing, and he would need to repay his balance by 3 February 2021. But Mr H wasn't in a position to repay the amount owed by that date. So, he contacted Tandem.

Mr H told Tandem that he couldn't repay what he owed by 3 February 2021 and asked them what other options were available. Tandem suggested that he could transfer the outstanding balance to another credit card provider or arrange a personal loan.

Tandem sent further emails to remind Mr H that he needed to repay the outstanding balance by 3 February 2021. Each time, Mr H contacted Tandem using their online chat service. He suggested agreeing a Payment Plan to help him repay what he owed. But Tandem weren't able to do that. Tandem said they didn't know what options would be available, but they would contact him once things were clearer.

On 4 February 2021, Tandem emailed Mr H and said that he could apply for an interest free loan to repay the amount he owed. This was provided by another company. Mr H's application was agreed, the loan was set up and his outstanding credit card balance was cleared.

But Mr H remained unhappy. He said that Tandem's failure to offer a solution or alternative before 4 February had caused him unnecessary distress and concern. Throughout the period, he'd been worried that failure to repay what was owed would lead to a default and an adverse impact on his credit file. So, he complained to Tandem.

Tandem responded to Mr H's complaint by email on 17 March 2021. They apologised if Mr H felt he'd received conflicting information. But they didn't agree that they'd treated Mr H unfairly. Mr H wasn't happy with their response, so he referred his complaint to this service.

One of investigators looked into Mr H's complaint. He didn't think that Tandem needed to do anything more here. Mr H disagreed. He said that Tandem didn't attempt to help him prior to 3 February 2021. He believed that Tandem had a responsibility to treat him fairly and they'd failed to do that here. So, he asked for his complaint to be referred to an ombudsman for 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.

On 3 September 2020, Tandem wrote to Mr H to explain the changes they were making to their Tandem Membership. Their email said that the Tandem Cashback Credit Card would

be closing and that he'd need to repay his balance in full by 3 February 2021. They also said he wouldn't be able to use the card after 2 November 2020.

Tandem's decision to close their credit card offering was a business one. It isn't something that this service would seek to challenge. It was their choice. But it is important that any changes are made in line with their terms and conditions and any impact upon Mr H is managed fairly. Mr H has accepted this, and his complaint is not aimed at Tandem's decision. Mr H's complaint relates to what he believes is Tandem's failure to provide alternative solutions for repaying what he owed and the resultant distress this caused.

Tandem's emails said, *"In case you need help with repaying your balance, please contact us and we can discuss options"*. Mr H said that he contacted Tandem and told them that he wouldn't be able to repay what he owed by the final date of 3 February 2021. He said that their only suggestions were to arrange a balance transfer or a personal loan with another provider. But Mr H wasn't able to do this.

Mr H also said that he contacted Tandem each time he received an email to explain his concerns. He was worried that failure to repay by 3 February 2021 would lead to a default.

Mr H said that he chose to communicate with Tandem through their online chat service. Unfortunately, he's no longer able to access these chat records. But Tandem have provided this service with copies of chat conversations between December 2020 and February 2021.

A chat exchange dated 21 December 2020 shows that Mr H asked Tandem, *"What happens if I don't repay by your...date?"*. Tandem told Mr H *"As my colleague...told you in September, you will be able to continue to pay after February. It's just that from 3 February your interest could go up...If you have any financial circumstances which would make paying back by this time impossible, please let us know. Equally, once we inform you of the interest rate increase you can let us know at that point if you think it's unaffordable"*.

There were further chat exchanges where Mr H told Tandem of his concerns. Tandem said *"We understand that not all of our customers are able to pay off the balance, however, I'm still unable to confirm what the next steps are. Apologies for this. Tandem will be in touch..."*.

In a chat exchange on 2 February 2021, Tandem said, *"...this will not cause a default here...We will make sure the company we transfer your balance to will treat you fairly. They will work with you to find the right amount you can pay each month and seek to put you on a relevant payment plan...you will not be treated like you are in collections and will not be defaulted as long as you are making the payments"*.

Ultimately, Mr H feels that Tandem's emails contradicted what he was told during the chat exchanges. I do understand why Mr H feels this way. Template email communications are designed to be sent to a large number of customers. But, on each occasion, they recommended speaking to Tandem about any concerns. That's what Mr H did here.

I can also understand why Mr H felt frustrated as Tandem weren't able to provide an immediate solution. This was clearly unfortunate, but at no point did his account default. I am comfortable that it was made clear that this was still being worked on and Tandem tried to reassure Mr H. The situation resulted from a change in Tandem's account offering and Mr H was informed correctly under their terms and conditions. Tandem would only be obliged to explore other options once the deadline date had been reached.

Ultimately, Tandem were able to organise an interest free loan option through another company, which Mr H was happy to accept. So, Mr H didn't suffer financially here.

I realise that Mr H will be disappointed, but I don't agree that Tandem have treated him unfairly here. There is nothing to suggest that Tandem's actions caused Mr H any financial difficulties or that they would commence recovery proceedings. I believe they continued to reassure him and ensure that he wasn't negatively impacted once the repayment date was reached. So, on balance, I don't believe it would be fair to ask them to do anything more.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 October 2021.

Dave Morgan
Ombudsman