

## **The complaint**

Ms A complains that Sainsbury's Bank Plc has gave her wrong information and poor customer service.

Ms A is represented by her daughter in bringing this complaint. But for ease of reading, I'll refer to any submission and comments she has made as being made by Ms A herself.

## **What happened**

Ms A suffered difficulties making her repayments to her Sainsbury's credit card which resulted in a default being registered to her account. After Ms A contacted them and explained her circumstances, the default was removed but Ms A says that Sainsbury's later reapplied the default.

Ms A says she wanted her daughter to take control of her account. She says her daughter sent a copy of a Lasting Power of Attorney (LPOA) to Sainsbury's three times but Sainsbury's said they didn't receive the copy in January and the recent ones weren't to Sainsbury's standards.

Ms A says she has spoken to various call handlers who had told her the LPOA had been accepted but then she received a letter informing her that it hadn't been accepted. Ms A also says that she requested income and expenditure forms to be sent out and tried to set up a repayment plan but hadn't been able to when she tried.

Ms A says she doesn't object to the default being registered as she was told that interest and charges would stop as a result of the default, but she says she has received statements and letters which show interest and charges.

Ms A says she and her daughter has spent many hours on the phone to Sainsbury's, only to be told different things each time. Ms A says she has completed a budget planner with Sainsbury's and is prepared to pay £100 a month to reduce the outstanding balance. Ms A made a complaint to Sainsbury's.

Sainsbury's upheld Ms A's complaint. They said that they had advised the default was reapplied, but due to the process for an account to default, they had to allow the account to default again, which has caused further delays in her being able to set up the payment plan for £100. Sainsbury's asked Ms A to contact their collections team to set up the repayment plan. Sainsbury's also said they have now been able to set up the LPOA on the system but were previously unable to do so because the previous LPOA sent did not meet their requirements. In recognition of the delays and poor customer service, Sainsbury's offered Ms A £80 compensation.

Ms A brought her complaint to our service. Ms A says she received a phone call from a debt management company and subsequent letters informing her that they will now be responsible for collecting the debt.

Our investigator did not uphold the complaint. He said that in relation to the LPOA

registration that was sent, the copy sent in January had been uncertified, but he was satisfied that this wasn't received by Sainsbury's. Our investigator said that Sainsbury's had wrote to Ms A, explaining that the copy had to be certified. He said that while Sainsbury's could have done more earlier on to help Ms A, they had followed their process by needing a certified copy of the LPOA and had added Ms A's daughter on the system as a third party authority, so she could speak to Sainsbury's collections team on her behalf.

Our investigator acknowledged that Ms A had been told incorrect information about the default being applied but felt the compensation that Ms A was offered was fair in the circumstances. He said although Ms A felt the letters that Sainsbury's sent were strongly worded, Sainsbury's had to send these letters in a standard format in line with regulations.

Our investigator said that since the default was first applied in January 2020, interest and charges had been refunded if they had been charged, which evidenced that Sainsbury's showed forbearance before transferring the debt to a third party company. In relation to Ms A not receiving the income and expenditure forms, our investigator said that he was persuaded that Sainsbury's had sent these forms but he couldn't guarantee Ms A received these, but he didn't think this was too important as Sainsbury's had offered to go through this on the phone.

Our investigator also said that Sainsbury's were entitled to transfer the debt to a third party company and although this came as a shock to Ms A, this was a result of her not maintaining the £100 a month agreement. Ms A had acknowledged she was unable to maintain this because of health reasons but our investigator said that Sainsbury's weren't aware of this and they acted in line with their terms and conditions. He summarised that due to the wrong information being given, that the compensation that Ms A was offered by Sainsbury's was fair.

Ms A asked for an Ombudsman to review the complaint. She said that she couldn't have discussed an arrangement over the phone as she has hearing difficulties and it would have been ridiculous to relay this information to her daughter. She said costs were incurred sending the LPOA by recorded delivery three times and she also incurred phone call costs.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Ms A has made a number of points to both Sainsbury's and this service and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.*

*Both parties don't agree on the events of the complaint, so I've looked at all of the information available to me in order to decide what is likely to have happened. I've thought about what Ms A has said about the registration of the LPOA. I asked Sainsbury's if they could forward me the phone call of when this was originally discussed. On this call Ms A tells the call handler that her daughter is LPOA and that she will be sending in a letter to register this so her daughter can speak to Sainsbury's on her behalf.*

*The call handler asks Ms A "have you been given the correct information to send in the details of the power of attorney". Ms A confirms the address to send the documents. The call handler explains that in the meantime he can register Ms A's daughter as a third party on the*

account so she can speak to Sainsbury's collections team before the LPOA has been registered.

*I've also listened to a call from May 2020, when Ms A again speaks to Sainsbury's. Ms A asks Sainsbury's "can I set up a plan now". So I'm satisfied that she was trying to make a payment arrangement in May 2020 and she was comfortable talking to Sainsbury's at this point. Ms A explains that her daughter helps her with her finances so the call handler suggests that once Ms A talks to her daughter then they could speak over the phone "once you have the details in hand". Ms A replies "that would be good".*

*I'm persuaded that there has been a misunderstanding on these phone calls which have led to some of the delays and I'll explain why. The call handler who spoke with Ms A about the LPOA asked if Ms A knew the correct information to send for the LPOA. As Ms A indicated that she was going to send a letter to Sainsbury's about this and had confirmed the address, I'm persuaded the call handler presumed that Ms A already knew what to include with her letter. This would likely be the reason why it wasn't explained at this point that the LPOA needed to be certified or the registration form needed to be completed.*

*I'm persuaded that Sainsbury's didn't receive the first copy of the LPOA which Ms A's daughter sent. I asked Ms A if she could provide the tracking number for this as she had said the three LPOA were sent to Sainsbury's by recorded delivery. Unfortunately, as it was a while ago since these were sent, she didn't have a copy of the tracking numbers, so I was unable to evidence this to Sainsbury's who said they had never received the copy sent in January 2020. But I'm satisfied they received the copy in May and I'll explain why.*

*I've seen Sainsbury's system notes, from 19 May 2020, which confirm they received the LPOA but it wasn't certified, so they sent her a letter on the same day informing Ms A that it needed to be certified. I can confirm from the system notes that the LPOA was set up on 29 June 2020. I've noted the strength of feeling that Ms A has regarding how long it took to set up the LPOA and the number of calls Ms A and her daughter made regarding this matter and the time spent on the phone discussing this, but as I'm satisfied Sainsbury's didn't receive the first copy which Ms A sent and the second copy was uncertified, then I'm persuaded that there wasn't a significant delay once Sainsbury's received the third copy.*

*I've considered what Ms A has said about the income and expenditure form. The call handler said he would send an income and expenditure form out to her. Ms A also says that as she has hearing difficulties it would be impractical for her to complete this information over the phone or relay this information to her daughter and then to Sainsbury's. But as the call handler previously explained to Ms A that the third party authorisation had been set up and that Ms A's daughter could've spoken to the collections team on her behalf then I'm satisfied that Ms A did not need to speak directly to Sainsbury's to set up the repayment plan, as her daughter could have done this from mid-January when the third party authorisation was set up.*

*I can see that Ms A's daughter contacted Sainsbury's on 14 May 2020 to set up a repayment plan. Ms A's daughter explained that Ms A had been told she had a default registered but the call handler said that there was no default on the account. This is why the repayment wasn't set up on this call at this time so the discrepancy could be investigated.*

*Next I've thought about what Ms A has said about the letters she received from Sainsbury's and how they asked a third party debt collection company to take over the debt. In terms of the letters that Ms A received informing her that she had outstanding sums due and a default could be applied, I appreciate that these letters can be frightening to receive. But Sainsbury's have to follow the regulations by sending these letters in a certain format using specific language. So although Ms A feels these letters were threatening, I can't say*

*Sainsbury's didn't follow the correct process by sending these letters.*

*Ms A has said the first thing she heard about the debt being taken over by a third party is when they rang her. She believes that she should have received a letter from Sainsbury's explaining what was happening. I asked Sainsbury's about their process for passing debt to a third party. They said it wasn't their procedure to send a letter from themselves as the third party would communicate this with the customer. As our investigator has previously explained to Ms A, our service isn't able to tell a business how to run their processes, so I can't say that Sainsbury's were unfair by passing the debt to a third party. As our investigator also highlighted to Ms A, the credit agreement (section 22.2) confirms that they may transfer the rights to another party.*

*Ms A has concerns that interest and charges have been added despite the default being registered. I've looked into this and can confirm that although interest and charges were added to the account, they have since been removed. Sainsbury's have said this was because the repayment plan had been broken, but the refunds now show as adjustments on her statements, as evidenced on her December 2020 statement. So I'm satisfied that Ms A isn't expected to pay any interest or charges due to the default moving forward as long as a new payment plan is maintained.*

*Ms A has said that she and her daughter had incurred costs through lengthy phone times. I asked Sainsbury's if they would be willing to refund these costs. Sainsbury's said that their telephone numbers were freephone numbers. Ms A says she rang the telephone numbers on the letters. The letters which were provided show the telephone numbers start with 0800 and 0808, so I'm persuaded that these calls would have been free to call.*

*I've thought about what Sainsbury's have told Ms A about the default. I'm satisfied that she was given incorrect information here. Ms A was told that the default had already been applied, when it hadn't been. I'm persuaded that this incorrect information will have inconvenienced Ms A. So what I would expect to happen here is for Sainsbury's to apologise, recognise the impact this would have had on Ms A and to compensate her for incorrect information. I'm persuaded that this is what Sainsbury's have done. Sainsbury's paid Ms A £80 for time taken to respond to her concerns (£30) and for the incorrect information (£50).*

*In summary, I'm persuaded that there were misunderstandings which delayed the LPOA being set up and incorrect information delayed a repayment plan being set up. Sainsbury's have paid £80 to compensate Ms A. I know that Ms A feels this amount should be higher. But I'm persuaded this amount is fair as this is broadly in line with what I would have awarded Ms A if Sainsbury's had not upheld her complaint for incorrect information being given and the delays. So it follows I don't intend to ask Sainsbury's to do anything further."*

I invited both parties to let me have any further submissions before I reached a final decision. Sainsbury's accepted my provisional decision. Ms A didn't respond to my provisional 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 neither party has presented me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

### **My final decision**

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 3 January 2022.

Gregory Sloanes  
**Ombudsman**