

## **The complaint**

Miss T complains Sainsbury's Bank plc (Sainsbury's) failed to keep to its agreement to spread a missed loan payment over the remaining term of her loan account.

## **What happened**

Miss T says she approached Sainsbury's in early March 2021 as she was struggling to meet that month's due loan payment. Miss T says Sainsbury's agreed to add the payment, she was unable to meet in March 2021 and spread it over the remaining term of the loan. Miss T says she was told to call back next month to set up the direct debit that was cancelled for the missed payment but because she couldn't answer the security questions, due to an issue at Sainsbury's, she wasn't able to do that.

Miss T says she believed she had raised a complaint about this and was led to believe she didn't need to take any further action until the complaint had been resolved. Miss T says the complaint was never logged and Sainsbury's are now asking for the arrears that have now built up, to be repaid in full, which has led her to seek support from a debt management charity to help her. Miss T says Sainsbury's have recorded a default on her credit file which she feels is unfair and she is looking for an arrangement with Sainsbury's for a manageable payment plan.

Sainsbury's accepts it should have logged the complaint in April 2021 when it was raised by Miss T and should have sent a code to enable her to pass security questions when she called them. Sainsbury's says although Miss T was waiting to hear back about her complaint, she should have been aware she still needed to make the monthly loan payments due from April 2021. Sainsbury's says it acted correctly when defaulting Miss T for the monthly payments she missed. Sainsbury's have offered Miss T £100 by way of compensation for failing to send the security code and not logging the complaint when it should have, in addition to the £25 refund for a late payment fee it charged in March 2021.

Miss T wasn't happy with Sainsbury's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt Sainsbury's should have offered Miss T a second Covid payment holiday in March 2021, when she called them. The investigator felt that would have in all likelihood helped Miss T get her finances in order. The investigator says given Miss T is now on a payment plan set up by a debt charity there would be no benefit in removing the default registered against Miss T's credit file. But given the stress and worry Sainsbury's have caused in dealing with the matter, the investigator felt it should pay Miss T £350 in compensation and refund any late payment charges from March 2021 onwards.

Sainsbury's didn't agree with the investigator's view and asked for the matter 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.

Having done so, I have come to the same outcome as the investigator and I will explain how I have come to my decision.

I can understand it would have been upsetting for Miss T, having approached Sainsbury's for financial support, to then be asked to repay her missed loan payments in one lump sum and then have her credit file adversely affected.

When looking at this complaint I will consider if Sainsbury's could have provided any alternative financial support to Miss T when she approached them in March 2021, and if it acted fairly when it marked adverse entries on her credit file.

This service has been provided with a number of phone call recordings/transcripts and while that has proved helpful, I won't be commenting on these individually as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered these - I have.

Miss T's complaint centres around the fact Sainsbury's insisted on her clearing the arrears accrued on her loan in one amount, even though her complaint at this time was still ongoing about the financial support it had previously agreed with her. In addition, Miss T feels Sainsbury's acted unreasonably when it then defaulted her and registered adverse information on her credit file.

The investigator in her view, provided a detailed timeline of events between March 2021 and June 2021. It's fair to say, having seen the relevant call transcripts and listened to the phone call recordings, Miss T was trying to discuss the problems she was facing following her not being able to make her March 2021 loan payment. It's also worth saying, and by its own admission, Sainsbury's didn't help matters here by failing to properly log Miss T's complaint about what it had previously agreed with her in March 2021 and were also at fault by not providing her with the security code she needed to pass security, so the matter could be discussed.

While Sainsbury's have apologised for those mistakes and offered Miss T £100 by way of compensation, it has stated it was correct to issue the default notices when it did and subsequently register the default on Miss T's credit file. While I understand the points Sainsbury's have made regarding this, I'm not fully persuaded by its argument here.

I say this because I take the view most of the problems Miss T faced, could have been avoided if Sainsbury's had taken the correct course of action to support her, when she called them in March 2021. Sainsbury's maintain when Miss T contacted them in early March 2021 the financial problems she faced at that time were of a short-term nature and not Covid related. Sainsbury's says, in any event, as it had previously provided Covid support back in August 2020, it would have been unable to provide the same level of support again. Sainsbury's were unable to provide the actual call recording for that day in March 2021 but were able to provide the call transcript.

While it's never as clear as having the call itself, from what I have read, I am satisfied Miss T refers to her partner being unable to work due to recent lock downs and relying on her savings. So here while Miss T was seeking temporary support for one month as matters were improving, it's fair to say Miss T had explained to Sainsbury's that her financial difficulties stemmed from the Covid pandemic. In fact from the transcript of that call, the Sainsbury's advisor says *"but you would need to call us back to see how you wish to repay the arrears either in one go or over a period of time"*, which is an option, generally only available when Covid support is provided, suggesting it had been perhaps considered as an

option but not offered.

As the investigator has pointed out, there was no reason why Sainsbury's couldn't have provided additional Covid support to Miss T under the guidance given by the Financial Conduct Authority at that time, even if it thought it couldn't. After all Sainsbury's are the financial experts here and I would expect them to provide the most appropriate support available to Miss T at that time, but I'm not convinced it did that here. I say this because if Covid support had been provided to Miss T in March 2021 any missed payment could have been spread over the remaining term of the loan, which is what she needed.

It's also worth mentioning, Miss T raised a complaint in April 2021, about the repayment of the agreed missed March 2021 loan payment. What is clear is further issues were caused, through no fault of Miss T, as she wasn't able to pass the security questions posed by Sainsbury's when she tried to contact them to discuss the repayment of the missed loan payment - it appears this issue arose because Sainsbury's changed its back office systems, but I can't say Miss T can be held responsible for that. In addition, Sainsbury's failed to correctly log Miss T's complaint which meant the issue over the missed payment wasn't being dealt with, contributing to further missed loan payments as Miss T was waiting to hear back about her complaint, as she was told to.

Taking all these points into account, it's reasonable to say if Sainsbury's had provided a Covid payment holiday, while perhaps not being the sole reason behind Miss T's future financial problems, it would have given her some breathing space at that time. While Miss T was made aware in writing she was in arrears, and arguably she could have reinstated her direct debit for her contractual monthly loan payments, it's fair to say she was waiting to hear the outcome of her complaint from April 2021, and that took longer to resolve than it should, for the reasons I have already given.

With that in mind, it's for me to decide what is a fair and reasonable outcome here. Given Miss T has an agreed payment plan through a debt charity, and wants to continue with that, like the investigator I agree it wouldn't be of any benefit to her to have the default registered in August 2021 removed, as her new payment plan would mean her credit file would still be marked, just at a later date.

While Sainsbury's offered Miss T £100 in compensation for the errors it made over her complaint not being logged correctly and its failure to send her the needed security code, I don't think this goes far enough given the trouble and upset this has caused. In addition, I am satisfied for the reasons I have already explained Sainsbury's should have offered Miss T a further Covid payment holiday in March 2021, which was the forbearance she actually needed at that time. So, like the investigator, I feel a more appropriate level of redress here would be for Sainsbury's to pay Miss T £350 by way of compensation given the trouble and upset this has caused her. In addition, Sainsbury's should refund any late payment charges from March 2021 to time of settlement.

While Sainsbury's will be disappointed with my decision, I am satisfied this is a fair outcome here.

### **Putting things right**

I instruct Sainsbury's Bank plc to pay Miss T £350 for the trouble and upset caused to her and in addition refund any late payment charges from March 2021 to time of settlement.

### **My final decision**

My final decision is that I uphold this complaint.

I instruct Sainsbury's Bank plc to pay Miss T £350 for the trouble and upset caused to her and in addition refund any late payment charges from March 2021 to time of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 9 May 2022.

Barry White  
**Ombudsman**