

The complaint

Mr M complains that Sainsbury's Bank Plc irresponsibly lent him money on a credit card and failed to intervene when it saw he was spending considerable sums on gambling.

What happened

Mr M applied for a credit card with Sainsbury's on 28 January 2018. Sainsbury's issued a card with a limit of £1,200. Mr M used the card for gambling transactions and incurred higher interest charges as the transactions are counted as cash transactions. He has told us that at the time he was struggling with mental health difficulties and had a gambling addiction.. He believes that Sainsbury's should have intervened sooner.

Sainsbury's initially replied in June 2019. It said that Mr M met its eligibility criteria when issuing the credit card. It also said that the account was well managed apart from one missed payment. Mr M didn't get the letter because it was wrongly addressed, but he later renewed his complaint in October 2021.

Our investigator said that Sainsbury's checks before it decided to lend to Mr M didn't appear to have thrown up any signs that he was likely to find the lending unsustainable and unaffordable. He also said that Sainsbury's checks were proportionate and that there wasn't anything in those checks which might have shown Mr M had a gambling addiction.

Mr M said his concerns related to Sainsbury's allowing him to make substantial deposits into gambling sites and believes that it owed him a duty of care as a vulnerable customer.

This matter has been passed to me for further consideration

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 have considered two aspects to this matter 1) whether Sainsbury's should have given Mr M a credit card in the first place and 2) whether it should have taken action when it saw he was using the account to spend considerable sums on gambling.

application

Sainsbury's carried out a credit check on Mr M when he applied for the card. It ascertained that he had four active accounts with a total of £1,650 in unsecured debt, had an annual income of £14,625 and monthly expenditure of £331. I think Sainsbury's carried out proportionate checks bearing in mind the relatively low credit limit it was prepared to offer. Mr M appeared to have at the time a low level of debt compared to income and I think Sainsbury's reasonably assessed that even using the maximum amount of credit, the repayments were sustainable and affordable for him. I do not uphold this part of Mr M's complaint.

gambling problems

Mr M believes Sainsbury's should have been alerted to the amount he was spending on gambling and taken some action to prevent this. He points out that gambling sites are now no longer able to take credit cards.

Looking at the information on the account from Mr M's statements, it appears that he initially took out £1,000 for betting in February 2018. That sum was paid back in April 2018. He took out further sums for betting in June 2018, of £1,000, and £100 and in September 2018, £50. He took out £2,150 in cash on February 2019 but there was no indication what that was for. There are no further entries on his statements related to gambling. So, over the course of a year four payments to betting companies were made on the card.

I would agree that someone who is a gambling addict could be classed as a vulnerable person. Also if it was clear that Mr M was getting into financial trouble it would have been reasonable to expect Sainsbury's to take some steps to assist him. However, Mr M maintained the account well, apart from one missed payment. And I don't think that Mr M's gambling would have raised any concerns. He didn't use the card for frequent large regular gambling payments and I don't think, from the evidence of the credit card account, that Sainsbury's would have been alerted to Mr M having an addiction or that he was vulnerable. I bear in mind that Sainsbury's only saw his financial position from the point of view of his credit card account.

So as I don't think that Sainsbury's would have been alerted to any financial difficulties Mr M may have had, whether by gambling or other debts, I don't propose to ask it to compensate Mr M or to take any other action.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 October 2022.

Ray Lawley
Ombudsman