

The complaint

Mr M complains about the customer service he received from Chip Financial Ltd.

What happened

In late 2021, Mr M received an email from Chip telling him that his account had been downgraded because it had been unable to collect his subscription fee. Mr M contacted Chip who established that this was because his debit card had expired.

Mr M provided his new debit card details, but he wasn't able to upgrade his Chip account online. After he raised a complaint with Chip, it upgraded his account for him. Chip paid the bonus he'd missed out on for the period the account had been downgraded. It also offered him £5 for distress and inconvenience, which it later increased to £9.60 to match the bonus it had already paid.

Mr M didn't think Chip's offer of compensation was enough to put things right. He thought £25 would be more appropriate for the distress and inconvenience he'd experienced. So, he asked our service to consider his complaint.

Chip said it was willing to increase its offer for distress and inconvenience to £10 but Mr M didn't accept this as resolution of his complaint. Our investigator looked into Mr M's concerns and thought Chip's offer of compensation was reasonable.

Mr M disagreed with our investigator's outcome. He said Chip hadn't notified him after its first failed attempt at taking his subscription fee. It only contacted him after it had gone ahead with the downgrade. So, the complaint has been passed to me to decide.

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've reached broadly the same conclusions as our investigator. I'll explain why.

Mr M has raised concerns about Chip's processes. However, it's not this service's role to tell Chip what processes or procedures to put in place. Our service's role is to fairly resolve individual complaints brought against financial businesses. This means I need to consider whether Chip treated Mr M fairly and reasonably and, if it didn't, whether it has done enough to put things right.

The terms and conditions of the account say:

"Fees will be calculated and billed over a clear charging period and will be debited from your stored payment card."

They also say:

“If we fail to collect the appropriate fee we reserve the right to downgrade your plan or close your account.”

Mr M says he wasn't aware that Chip hadn't been able to collect his subscription fee from his debit card until it emailed him in October 2021. Chip says it had previously notified Mr M through its app in September.

It's possible that Chip didn't communicate with Mr M as clearly as it should have done. It also looks like Mr M wasn't able to upgrade the account himself after contacting Chip, and this meant he had to contact it again.

However, after Mr M raised his complaint, Chip upgraded his account and Mr M has acknowledged receiving the bonus he'd lost out on while it was downgraded. So, Mr M doesn't appear to have experienced any financial loss.

I appreciate Mr M doesn't feel Chip's offer is enough to compensate him for the time he spent trying to get the matter resolved and the worry of losing out on interest. However, using financial services won't always be totally hassle free. Typically, our service would say that an apology or small monetary award would be enough to remedy a one-off incident that has had minimal impact and is put right quickly. Chip resolved the issue with the account within a week of Mr M first making it aware there was a problem. So, I think Chip's apology and offer of £10 is fair compensation for the inconvenience and the short-lived concern Mr M experienced.

Putting things right

Chip should pay Mr M £10 for distress and inconvenience.

My final decision

Chip Financial Ltd has already made an offer to pay £10 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Chip Financial Ltd should pay Mr M £10.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 October 2022.

Anne Muscroft

Ombudsman