

## **The complaint**

Miss L complains that Sainsbury's Bank plc (Sainsbury's Bank) incorrectly defaulted her loan causing her considerable stress. She would like the arrears on her loan written off. And missed payments removed from her credit file.

## **What happened**

The details of this complaint are well known to both parties so I won't repeat them again here, instead I will focus on giving the reasons.

## **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 reached the following conclusions:-

- There is no dispute that Miss L's account went into arrears. As I understand it Miss L's asked on 23 May 2022 to change her payment date from 28<sup>th</sup> of each month to the 10<sup>th</sup> of each month with effect from June 2022. Sainsbury's Bank actioned this but the direct debit for the May payment was returned as failed. In her letter of complaint to Sainsbury's Bank Miss L explained that she didn't receive a swift response to her request to change the payment date. So was concerned that the change might not happen and funds would be taken that she couldn't fulfill. She therefore cancelled her direct debit payment and decided to wait until June 10, 2022 to see if the payment would be taken. I have seen the loan agreement Miss L signed; this makes it clear consecutive monthly payments are required. I can't reasonably ask Sainsbury's Bank to write off the arrears on the loan as the arrears built up because of Miss L cancelling her direct debit payment.
- Sainsbury's Bank has however offered Miss L £30 compensation as it felt it should have reminded Miss L of the need to make a payment each month and for the fact it didn't waive interest, as it would usually do, when a customer enters an agreed repayment plan It also refunded the interest it shouldn't have applied along with a correctly charged late payment fee of £25. I think this is reasonable redress in the circumstances
- In terms of impact on Miss L's credit file I understand she paid the outstanding June installment during a phone call in June 2022 with Sainsbury's Bank. She also reached an agreement to make up the outstanding May payment over six months. Until the arrears on the loan were paid off these would be unfortunately be reflected on her credit file.
- It's important that credit files accurately reflect account history. So, I don't think I can reasonably ask Sainsbury's Bank to amend Miss L's credit file in the way that she would like. It's clear she couldn't make the May payment as she agreed to a payment arrangement to make this payment over six months. As a result, her account would show on her credit file as in arrears during the payment arrangement period. I also

understand Miss L made extra payments for three months but broke this agreement in October which would have led to further arrears on her account.

**My final decision**

My final decision that Sainsbury's Bank plc has made a fair offer.

In full and final settlement Sainsbury's Bank plc should pay Miss L £30 for the inconvenience of not reminding her of the need for monthly repayments and for not immediately waiving interest on her account when she entered into an agreed payment plan.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 22 February 2023.

Bridget Makins  
**Ombudsman**