

The complaint

Mr B complains about the service he received from Sainsbury's Bank Plc in relation to the expiry of a promotional interest rate.

What happened

Mr B held a credit card account with Sainsbury's Bank. When he opened the account, it was subject to a promotional interest rate of 0% on purchases. Mr B says he made one big purchase and made repayments each month over a couple of years. He says he wanted to clear the balance before the promotional rate ended, but he wasn't sure when it would end.

Mr B says he tried to call Sainsbury's Bank several times but was kept waiting for over an hour so gave up on the calls. He contacted it through its online messaging service in September 2022 and asked whether he would be charged any interest on the remaining balance. Sainsbury's Bank said that any promotions, including their end date, would be shown on Mr B's online statement. Mr B says this response wasn't helpful and his statements weren't clear.

In November, he noticed that interest had been applied to his remaining balance. He says he didn't receive any notification from Sainsbury's Bank that the promotion was coming to an end and that this information is only included on his May statement.

Mr B called Sainsbury's Bank to query this and complain. During the call, he wanted to make a payment over the phone to clear the balance and close the account. He says he couldn't do this online because the system wasn't working properly at the time. He says that the agent refused to take the payment and wouldn't close the account. Mr B had lost his credit card and the agent said he would have to wait for a new one to arrive before making payment. Mr B wasn't happy about this as interest would continue to accrue in the meantime. He has since paid off the balance. He says he also made a request for his account to be closed but nothing has happened.

Mr B is also unhappy about a late payment fee applied to his account by mistake in January 2022. Sainsbury's Bank refunded this, but Mr B says that the system isn't designed for the benefit of the customer, but to raise money for Sainsbury's Bank through fees and charges.

Mr B asked the agent on the call to raise a complaint about these issues. He wanted Sainsbury's Bank to refund the interest and pay him some compensation for inconvenience. He asked for confirmation of the complaint details by email but was unhappy that Sainsbury's Bank could only send this by post. He added that issue to the complaint.

When Sainsbury's Bank responded, it said that details of the 0% interest promotion had been included on Mr B's monthly statements. It said it had also sent him an email to tell him the offer was coming to an end. It said that interest had been applied correctly after the promotion ended, so it couldn't be refunded. It didn't address the other issues in the final response letter.

Mr B remained unhappy about the situation and asked this service to look at the complaint. Our Investigator upheld it on the basis that Sainsbury's Bank hadn't addressed all of Mr B's concerns. He recommended that it pay Mr B compensation of £50.

Mr B wasn't happy with our Investigator's view. And Sainsbury's Bank disagreed with it, saying that complaint handling isn't a regulated activity and isn't within the remit of this service. The complaint has therefore been referred to me to review.

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've seen Mr B's statements for the whole of 2022. I find that all of them up to and including the July statement contained a section about the promotional interest rate, stating that it would expire on 25 July 2022. The July statement showed that estimated interest for the following month would be around £9. This figure had been shown as £0 on all the previous statements. So, I think it was clear from the statements when the promotional rate would end and when interest would start to be charged.

Mr B isn't happy that Sainsbury's Bank simply referred him to his statements, rather than telling him whether the promotion had expired, when he contacted it through the messaging service. I realise it would have been more convenient for Mr B if Sainsbury's Bank had given him a date. But I don't think it was unreasonable to refer him to the statements.

Mr B had access to online banking and Sainsbury's Bank sent him an email every month to tell him when his statement was available. Mr B didn't log into online banking between March and September 2022, so he wouldn't have seen the statements. But that's not Sainsbury's Bank's fault. I'm satisfied that Sainsbury's Bank provided the necessary information to Mr B in his requested format. Mr B had a responsibility to view that information so that he was aware of the status of his account.

I find that Sainsbury's Bank sent an email to Mr B on 19 July about the expiry of the promotion. Mr B says he didn't receive this. I haven't seen anything which explains why he didn't receive it, but I'm satisfied it was sent.

I find that Sainsbury's Bank was entitled to charge interest on the outstanding balance after the promotion expired. I think it applied the interest correctly here, so I'm not going to ask it to refund any interest.

Turning to the other aspects of the complaint, I've listened to the call from November 2022. When Mr B said he wanted to pay the balance over the phone, the agent said they couldn't take payment because the call was recorded. They offered to transfer Mr B to the automated payment system and said he would need his credit card to hand as well as the card he wanted to pay with. Mr B said he couldn't find his credit card. The agent offered to send him a new one, but Mr B didn't want to incur further interest while waiting for a new card to arrive.

Sainsbury's Bank has confirmed that, as all calls are recorded, it can't take payments over the phone as that would mean the customer's card details would be recorded. So, its agents don't have the facility to take payments. I think that's reasonable. It's also in line with what the agent told Mr B on the call. The agent offered Mr B an alternative way to pay there and then, using the automated payment system. The reason he couldn't do that was because he had lost his credit card, which wasn't Sainsbury's Bank's fault.

I can understand that Mr B didn't want to incur further interest while waiting for a new card. But I don't think Sainsbury's Bank could have done anything differently here as it didn't know until that point that he'd lost the card. In any event, I note that Mr B made the payment through the app that same day. So I don't think he suffered any detriment as a result of being unable to pay over the phone.

Mr B says that nothing happened after he asked for the account to be closed. From the evidence I've seen, I'm satisfied that the account was closed in late November.

In relation to the late payment fee, Sainsbury's Bank accepts that this was applied in error. It refunded the fee within a few days and says there was no impact on Mr B's credit file. It says that the refund was completed automatically. I haven't seen evidence of any contact from Mr B about it at the time. I realise that he's unhappy about the issue, but Sainsbury's Bank took steps promptly to correct the error and I don't find that there was any adverse impact on Mr B. So, I'm not going to ask Sainsbury's Bank to do anything more about it.

Finally, in relation to the method of communication about the complaint, the agent told Mr B on the call that she couldn't send out emails. Sainsbury's Bank has confirmed that its call centre agents don't have access to email. But the response to the complaint, from the Customer Relations team, was sent by email in line with Mr B's preferences.

In conclusion, I don't think Sainsbury's Bank acted unfairly in relation to the above issues. But it should have addressed all of them when it responded to the complaint. The issues about the late payment fee and the taking of payments certainly relate to the financial service which Sainsbury's Bank was providing. Responding (or not responding) to queries or concerns about them is part of the customer service associated with the provision of that financial service. So, I'm satisfied that I can look at that here.

I think it's likely Mr B would have brought the complaint to this service anyway. But I think it's fair to say that the lack of response to all aspects of the complaint added to his frustration and caused him some inconvenience. I think it would be fair for Sainsbury's Bank to pay him £50 in recognition of this.

My final decision

For the reasons above, I uphold this complaint. Sainsbury's Bank Plc should pay Mr B compensation of £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 July 2023.

Katy Kidd
Ombudsman