

The complaint

Mr H complains that Sainsbury's Bank Plc ('Sainsbury's') irresponsibly gave him a credit card account that he couldn't afford.

What happened

On 4 October 2017, Mr H's credit card was opened by Sainsbury's with an initial credit limit of £3,000. This credit limit was never increased.

In 2022, Mr H complained to Sainsbury's to say that the account shouldn't have been opened for him because it wasn't affordable and that Sainsbury's ought to have made a better effort to understand his financial circumstances before opening the credit card for him.

Our investigator recommended the complaint be upheld. Sainsbury's didn't agree. So, the complaint has been passed to me to decide.

I issued my provisional decision in respect of this complaint on 27 March 2023, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't agree with the investigator's view and that it was my intention not to uphold Mr H's complaint. I set out an extract below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Sainsbury's will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr H's complaint is that Sainsbury's made credit available that was unaffordable. Sainsbury's has explained that it relied in part on information that Mr H provided at the time of application to assess affordability. They said they carried out a credit search in Mr H's name to assess Mr H's level of debt at that time and to understand how he had been managing that debt. With that information and using their own scoring metric, Sainsbury's decided to agree to the credit limit of £3,000. So, there was some assessment of affordability at the time of the sale.

The Sainsbury's checks showed that Mr H had an existing amount of unsecured borrowing. But Mr H had declared in his application that he was employed as a manager and was

earning a good salary. In my opinion the existing credit was not so significant in itself when compared to the declared income as to make the new credit automatically unreasonable.

I have considered the credit report that Mr H sent us. It shows what Sainsbury's most likely saw and noted at the time it made the lending decision, which is that Mr H's credit file was very clean at the time of the loan application. When I say this, I mean that Mr H's management of his existing credit showed no recent history of CCJ's, defaults or any late payments. So, it seemed from the credit file that at the point that the lending decision was made, Mr H was affording his existing credit. And so, Sainsbury's were not put on notice of any reason not to agree the lending from that. And I also think that the information that Sainsbury's had at the time of the lending decision, would have led them to feel they had no need to make more searching enquiries of Mr H's finances.

It is true that some time later Mr H had some adverse markings on his credit file. But he had none at the time this lending decision was made. I have to look at the information that was available to Sainsbury's at the time it made its lending decisions and not to use hindsight. And I have seen insufficient evidence that the information that Sainsbury's acquired or had presented to it at the time of the lending decision, would have led them to think that they were remiss in not checking Mr H's finances more closely.

So, I'm not persuaded that what Sainsbury's could see of Mr H's management of other credit ought to have prompted it to have acted differently than it did. Further, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Sainsbury's provided Mr H was unreasonable."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 14 April 2023. Both parties have acknowledged receiving the provisional decision. And both parties made further submissions in support of their respective positions.

As I've received the final submissions from both parties I will proceed to my 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.

Mr H is disappointed with my provisional decision and in his final submission has reiterated the comments he had already made in support of his complaint and which I had considered in reaching my provisional decision. Mr H is entitled to disagree with me.

But given that there's no new information for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons for thinking that this is a complaint that should not be upheld, I have nothing further to add.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 May 2023.

Douglas Sayers
Ombudsman