

The complaint

Mr N has complained that Advanced Payment Solutions Limited trading as Cashplus ("Cashplus") acted irresponsibly when it provided him with a credit card in October 2021. In addition, he has also complained that Cashplus failed to close his account or block his card when requested in January 2022 and that this led to him incurring more debt he couldn't afford.

Background

Mr N applied for a credit card with Cashplus in October 2021. He has told us that at this time he was already heavily indebted and spending beyond his means. He believes that Cashplus failed to run adequate checks on his finances at this time and says that if it had done it wouldn't have agreed to provide him with the credit card as it was clearly unaffordable.

In January 2022 Mr N contacted Cashplus online and asked for his credit card to be either blocked or his account closed. He explained he had a compulsive gambling problem and was experiencing financial difficulty as a result. Unfortunately, Cashplus failed to action this request and the account remained open until June 2022, by which time Mr N had contacted this service with his complaint.

Mr N has asked that Cashplus write off the outstanding balance on his account to resolve his complaint.

Cashplus has said that correct checks were performed when Mr N applied for his card in October 2021 and that it was satisfied the £750 limit which was approved for him was affordable at that time.

If it does accept that it failed to respond to Mr N's request in January 2022 and has offered to refund all of the interest charged to his account from that time until the account was eventually closed in June 2022. This amount came to a total of £31.72.

Mr N didn't accept Cashplus' settlement offer and asked this service to investigate his complaint.

I issued a provisional decision on 31 March 2023 upholding Mr N's complaint. I found that Cashplus failed to support Mr N adequately and had ignored the fact Mr N was an extremely vulnerable consumer who had proactively asked for help and not received it. I said that Cashplus should refund all interest and charges added to Mr N's account from January 2022 onwards including charges for exceeding the account limit and those linked to cash advances and cash interest. I also said Cashplus should pay Mr N £150 compensation for the upset and distress caused by its failures.

I asked both parties to respond to that decision by 28 April 2023.

Both Mr N and Cashplus have responded accepting my findings and I can now issue the final decision on the matter.

For the sake of completeness, I have repeated my findings below.

My Findings

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

Mr N has said that Cashplus acted irresponsibly when it provided him with the credit card in October 2021 and that it didn't carry out sufficient checks to make sure the lending was affordable.

Cashplus has provided us with evidence to show that it did complete an income and expenditure check with Mr N at the time and also verified the information provided against his credit file. Those checks showed that Mr N was earning just over £21,000 a year and had a disposable income of approximately £490 each month. The limit on the card it provided was £750, which is a relatively low limit.

Therefore, having reviewed the information provided by Cashplus from the time Mr N applied for his card, I don't think there was anything on the basic checks that would've alerted Cashplus into thinking Mr N would struggle to meet his monthly repayments, or that the lending was unaffordable.

I appreciate more thorough checks of his bank statements may have shown the extent of his compulsive gambling at this time, but businesses aren't required to ask for specific documents like bank statements when running credit checks. And the basic checks that were run didn't show any indication that Mr N was struggling to meet his existing credit obligations. So, I can't say Cashplus acted irresponsibly when it provided Mr N with the credit card in October 2021. And therefore, I can't uphold his complaint on that point.

However, it's not disputed by Cashplus that it failed to close Mr N's account when he contacted it in January 2022 or that he explicitly told it that he was vulnerable and in need of additional support.

This is a considerable failing on the part of Cashplus. It is very worrying to think that vulnerable consumers, especially those experiencing financial difficulties due to compulsive spending problems, having worked up the courage to ask for help, could then be ignored.

Cashplus acknowledges it made an error here and offered to refund the interest added to Mr N's account from January 2022 until the account closed in June 2022. But I don't think that goes far enough and so I'm asking it to do more.

However, Mr N will remain liable to repay the outstanding balance for the transactions he made on the card during January and June 2022. I know this will come as a disappointment to Mr N who was hoping the entire balance on the card would be written off. But I need to be fair to both parties and this amount, without the addition of any form of interest or charges, will be the total of what Mr N spent, and he does remain liable to repay that.

Putting things right

Cashplus should refund all the interest and charges added to Mr N's account from January 2022 until it was closed in June 2022. This includes all charges for exceeding the account limit, cash advances and cash interest as well as standard monthly interest charged.

Cashplus should also pay Mr N £150 compensation for the upset and distress caused by its failure to offer him support when he asked for in January 2022.

I expect Cashplus to treat Mr N with consideration and forbearance and work out a fair repayment plan with him so he can repay the outstanding balance over a reasonable period of time.

My final decision

For the reasons set out above I uphold Mr N's complaint against Advanced Payment Solutions Limited trading as Cashplus.

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

Karen Hanlon
Ombudsman