

The complaint

Mr L complains that he was unable to use his credit card whilst abroad. He is unhappy with the way JAJA FINANCE LTD dealt with his complaint.

What happened

Mr L had an account with JAJA. Whilst abroad Mr L found that he was unable to use his card. He contacted JAJA who said that there was no issue with the card itself. Mr L called again ten days later with the same problem. He was advised the transactions weren't being presented for JAJA to approve or decline. Mr L complained. Mr L was told the transactions didn't log because he was using the card in a sanctioned country. Although he was originally satisfied with the explanation Mr L raised a complaint via web chat. JAJA issued a final response on 14 June 2022. Rejected the complaint they said the card was being used in a sanctioned country.

Mr L complained to our service. One of the investigators looked into the complaint. She thought JAJA couldn't provide the reason for the card being declined. She thought JAJA should have provided clearer information and should compensate Mr L with £150 for distress and inconvenience caused. She confirmed the country Mr L had travelled to which was Zimbabwe was on the sanctioned list, so she thought JAJA had acted fairly.

JAJA agreed to the view.

Mr L disagreed with the view because he said the sanctions applied to specific individuals and entities and wasn't a blanket ban on credit card use.

A second investigator looked at the complaint. She thought JAJA were providing conflicting information because they had said that it was the VISA scheme rules that prevented the payments from going through. JAJA weren't able to provide the information to show that VISA scheme had declined the transactions. JAJA was asked to provide specific information regarding the sanctions that they thought applied in this case which meant that Mr L couldn't use his credit card in Zimbabwe. JAJA weren't able to provide this information. The investigator didn't think JAJA had treated Mr L fairly. She also thought the £150 compensation for the way JAJA had treated Mr L during the complaint was fair.

JAJA were unhappy with the view they said that the sanctioned country rule was an internal JAJA rule and not a scheme rule. The rule applied to all customers in Mr L's situation, so he hadn't been treated unfairly. JAJA implemented the sanction at country level because of their risk appetite.

As there was no agreement the matter has come 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.

Both JAJA and Mr L have accepted that JAJA could have done things better and provided clearer information when Mr L contacted them regarding the transactions being declined in June 2022. They have both agreed that £150 compensation is fair, so I don't intend to go through the service issues in great detail.

The main crux of the complaint and the reason why JAJA have requested an ombudsman's decision relates to the issue regarding using the card in a sanctioned country.

JAJA has a wide variety of legal and regulatory obligations it must follow when providing accounts to its customers. These obligations are ongoing and are not only relevant when an account is opened. In Mr L's case JAJA has said the transactions didn't go through because Mr L was using his card in a sanctioned country, Zimbabwe., as they are considered high risk due to financial sanctions in place. Which due to this JAJA say sat outside their risk appetite.

Sanctions can be very broad and relate to countries, individuals, trade and transactions. JAJA is expected to take measures to comply with current sanctions, which means it has extensive things it needs to be aware of and monitor. Sanctions are also just one of the many things JAJA must take into account to ensure it's doing what it should. And, if it didn't review accounts and the activity taking place on them, it could risk serious penalties. So, having a sanctions policy or other policies to mitigate against potential risks isn't by itself wrong.

The sanctions in place against Zimbabwe relate to specific individuals and defence industries and arms embargo. They are not wide ranging and do not apply to all transactions taking place in the country. This service asked JAJA to specify which particular sanction or regulation it was relying on when Mr L's credit card transaction was being denied. JAJA didn't provide this service with sufficient information for me to be satisfied that it had interpreted the sanctions policy correctly.

JAJA have given this service three different explanations why Mr L's transactions were declined. JAJA has said that the transactions were declined because Mr L was in a sanctioned country. Having looked at the evidence I'm not satisfied that JAJA can rely on the sanctions against Zimbabwe to decline these payments.

JAJA have also said that it was the VISA scheme rules that declined the transactions. However, when our investigator asked for evidence of this JAJA weren't able to provide this.

Finally, JAJA have said that they have interpreted the sanctions at country level because of their risk appetite.

I've then gone on to consider whether JAJA's reason for declining the transactions was fair. In doing so, I appreciate that JAJA are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite JAJA should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

The reason JAJA gave this service for declining the transactions is that it was outside the bank's risk appetite. This is a decision that I can't interfere with as it is a commercial business decision.

I appreciate that JAJA are entitled to set their own commercial risk criteria and this service won't interfere with this commercial discretion. However, it's for the business to communicate accurately with its customers. Mr L has said he contacted JAJA and asked

about using the card in Zimbabwe. JAJA have said that Mr L didn't come through to an agent, but Mr L has said he was told that it wouldn't be a problem. Without any evidence like the call recording, it's not possible for me to say what was said during this call or if it took place.

Nevertheless, I am aware that Mr L wasn't given accurate information about why his card wasn't working in Zimbabwe and I appreciate that it was frustrating for him to be told it was because of sanctions when his own research pointed to this not being correct.

Mr L has also provided us with an explanatory letter from the Foreign Office explaining the sanctions regime as it pertains to Zimbabwe so I can see how the responses provided by JAJA were frustrating.

In summary JAJA should have provided more accurate information to Mr L. The investigator awarded £150 compensation for the distress and inconvenience of the misinformation. Having looked at the evidence I agree that this is a fair amount. In deciding this I have taken into account that Mr L had to borrow money from friends and make phone calls whilst on holiday.

My final decision

For the reasons stated above I uphold this complaint. To put things right I direct JAJA FINANCE LTD to pay Mr L £150 in compensation for the distress it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 29 February 2024.

Esperanza Fuentes
Ombudsman