

The complaint

Mr S complains that Advanced Payment Solutions Limited trading as Cashplus mis-sold him a Cashplus Bank account and its Creditbuilder add-on. Mr S is also unhappy with how Cashplus engaged with him when raising concerns about his account

What happened

Cashplus have advised that Mr S successfully applied for one of its ActivePlus Cashplus Bank accounts in February 2022. Mr S also applied for Cashplus' Creditbuilder add-on on 9 March 2022.

The Creditbuilder add-on is essentially a fixed sum loan that requires 12 monthly payments of £5.95 to repay it. Repayments to the Creditbuilder loan are made instead of the Cashplus Bank account's £5.95 monthly fee.

After successfully applying for the Creditbuilder add-on, Mr S credited his account with £5.95, so that he had sufficient funds available to make the first monthly repayment to the Credit builder loan. However, the £5.95 was debited as the monthly fee, rather than as the first repayment towards the Creditbuilder loan.

Unhappy with this, Mr S contacted Cashplus on 1 April 2022. A complaint was finally raised and Cashplus issued its final response on 26 April 2022. In this Cashplus said it hasn't made an error in debiting the £5.95 monthly fee, as in doing so it had acted in line with the terms and conditions that govern Mr S' account. Cashplus did confirm the advisor Mr S spoke to wasn't able to provide a clear explanation as to why he had been debited a monthly fee and the advisor also ignored repeated requests from Mr S to raise a complaint. Mr S was instead directed to Cashplus' complaints email address. For the service Mr S received, Cashplus offered him £25.

Unhappy with Cashplus' offer of compensation, Mr S referred his complaint to our service. One of our investigators considered the complaint. They agreed that Cashplus hadn't mis-sold the account and had acted correctly when debiting the £5.95 as the monthly fee. But said the £25 wasn't sufficient for the distress Mr S had been caused when trying to get answers to why he had been charged. The investigator recommended Cashplus increase its offer of compensation from £25 to £150.

Mr S provisionally agreed with this, on the condition the £150 was paid without delays. He said any delays in either acceptance or the funds being paid will mean he requires more. Cashplus responded and said it didn't agree and wanted an ombudsman's decision. Cashplus didn't provide any further reasons for why it didn't agree.

Given the above, the complaint has been passed 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.

I would also like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not

because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

It appears Mr S received a text message to say the first payment of £5.95 for his Creditbuilder loan was due on 4 April 2022. I can fully appreciate why Mr S wanted to make sure he had sufficient funds in his account to make the first repayment and therefore credited his account with £5.95 on 24 March 2022. However, on 24 March 2022, the Creditbuilder hadn't started. According to Cashplus the start date was 1 April 2022.

As the investigator explained in their view, the ActivePlus Cashplus Bank account terms and conditions state that unless the balance is zero, the £5.95 monthly fee will apply. When Mr S credited his account, he no longer had a zero balance and according to Cashplus, the credit was made before the Creditbuilder had started. Given these circumstances, the monthly fee would've been applicable. I do note that in any event the £5.95 fee was refunded on 1 April 2022.

I can understand why Mr S felt the monthly fee charge was wrong. He had received a message saying a payment was due on 4 April 2022 to his Creditbuilder and paid money into his account to ensure he had funds available to make that first payment. When he was debited prior to this, he called Cashplus.

Cashplus hasn't disputed that on Mr S' calls to it, he should've been given a clear explanation for why he had been charged a monthly account fee. This didn't happen and the advisor also initially ignored Mr S' repeated requests for a complaint to be logged. He was eventually referred to Cashplus' complaints email address, rather than the complaint being processed on the call. Cashplus offered Mr S £25 for the distress this caused.

Having listened to the phone calls myself, I believe the advisor should've been able to clearly explain why the charge had been applied, they're meant to be the expert in this situation. It's clear the advisor being unable to provide an explanation, over two calls, caused him to become distressed. His distress becomes audibly more during the calls and the advisor's failure to acknowledge Mr S' request for a complaint to be logged just compounded his distress.

Given this, I agree with the investigator that Cashplus should pay Mr S a total of £150.

I acknowledge that Mr S said he would only accept the £150 if paid without delay and otherwise would require more. I understand why he feels that way, but looking at the complaint overall, I am satisfied that the £150 is fair and reasonable in the circumstances of this complaint.

Putting things right

- Cashplus should pay Mr S a total of £150 in compensation for the distress this matter has caused.

My final decision

I'm upholding Mr S' complaint. Advanced Payment Solutions Limited trading as Cashplus should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 October 2023.

Paul Blower
Ombudsman