

The complaint

Mr E has complained that JAJA FINANCE LTD (trading as ASDA Money) pursued him for a debt which was taken out fraudulently in his name.

What happened

Mr E discovered that someone had opened an ASDA-branded credit card in his name with JAJA. He reported the matter to JAJA in November 2022.

JAJA blocked the card and began an investigation straight away. In December 2022, JAJA concluded that the account had been taken out fraudulently, so they applied to have it removed from Mr E's credit file. However, they didn't update him at the time.

Mr E complained. He was still receiving letters pursuing him for the debt. In January 2023, JAJA apologised, confirmed they weren't holding him liable for the debt and it was coming off his credit file, and recorded the incident on CIFAS to help protect Mr E in future.

Mr E came to our service. Our investigator looked into things independently and proposed that JAJA pay him £150 compensation. JAJA agreed to this, but Mr E didn't. He wanted to be paid over £1,000 based on his hourly rate. The complaint's 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.

First, I understand that Mr E was the victim of fraud here, for which he has my sympathy. I appreciate that the fraudster caused him a good deal of stress.

I've carefully considered what happened here and what JAJA should do to put things right. I do need to bear in mind that it was the fraudster, rather than JAJA, who committed the fraud and so who is primarily responsible for the resulting effect on Mr E's credit file and the need for Mr E to spend time securing his identity and accounts.

When Mr E reported the matter to JAJA, I'd expect them to take it seriously. So I'm glad to see that they did. JAJA immediately blocked the account and started an investigation. They looked into things within a reasonable time and came to the right conclusion. And they've already done most of the things Mr E asked for: they apologised, confirmed in writing that this was not his debt, amended his credit file, and logged the matter with CIFAS. So those things have already been sorted out by JAJA.

Unfortunately, at first JAJA didn't update Mr E with the results of their investigation. And they continued to send him some chaser letters for the debt. I understand this caused Mr E some stress and frustration.

When a business gets things wrong, we often tell them to pay compensation, to recognise their error and the impact it had. In terms of the amounts, it's worth bearing in mind that we're not the regulator – we're here to resolve complaints informally, and not to issue fines or to punish businesses. And while I appreciate where Mr E is coming from, we don't award compensation based on hourly rates as he suggested. While Mr E can charge his customers his professional rates, JAJA were not his customer and he wasn't providing a professional service to them – this was a personal matter of his. But perhaps more importantly, if we based compensation on a person's professional rate, it could suggest that one person's free time is worth more than another person's free time. And it might not reflect the real impact of the error on the complainant.

Here, I understand that JAJA caused Mr E some stress and worry, and he had to spend some time and effort sorting things out. Taking into account the impact JAJA's error had on Mr E, alongside our guidelines for compensation, I find that £150 compensation is fair to put right what JAJA got wrong here.

My final decision

For the reasons I've set out, I direct JAJA FINANCE LTD to pay Mr E £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 1 November 2023.

Adam Charles
Ombudsman