

The complaint

Mr N complains that Lendable Ltd, trading as Zable, increased the interest rate on his account without notifying him.

What happened

Mr N has a credit card with Zable. He said on 13 June 2023 he received an email and an alert on the Zable app to accept/decline a change in the card's terms and conditions. Mr N said the notification stated:

"We do not expect anything to change on your account. You will be able to continue using your card as normal at your current interest rate."

Mr N accepted the change in the terms and conditions. He said shortly after this he noticed his interest rate had risen by 10%. He raised a complaint with Zable.

Zable did not uphold Mr N's complaint. In its final response letter it said it sent Mr N an email on 30 March 2023 to let him know that his interest rate was being increased in line with its terms and conditions.

Mr M brought his complaint to our service.

Mr N said after he raised the complaint he received an email dated 25 July 2023. The email said:

"Thank you for recently accepting a change to your terms and conditions. We sent you an email on 17 June 2023 with a copy of your updated terms and conditions. We recently identified that the interest rate and APR in section 5.1 and 5.2 of that documents were not correct. We have included in this email a corrected version of your revised terms and conditions for your records."

Mr N said it noted that no action was required from him.

Mr M told this service this obviously confirms that he accepted the new terms when the interest rate was 38.15%. He said Zable hasn't acted in accordance with the Financial Conduct Authority's (FCA) Handbook known as CONC. He said Zable told him the reason it increased his interest rate was due to factors on his credit report and the conduct of his account, despite Zable increasing his credit limit and his credit score increasing significantly.

Our investigator concluded that Zable hadn't done anything wrong, so Mr N asked for a final decision from an ombudsman.

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.

Having done so I won't be asking Zable to do anything further, for the reasons I've outlined

below.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it to reach the right outcome.

In deciding what I believe to be fair and reasonable in all the circumstances, I'm required to consider relevant law, rules, guidance, codes of practice as well as what I consider to have been good industry practice at the time.

Mr N applied for his credit card in October 2021, and he signed a credit agreement. In doing so he agreed to be bound by its terms and conditions. I've seen a copy of those in which it says:

12.2 We may also make changes at any time to:

(a) any interest rate;

(b) any fees and charges (including introducing new fees and charges); or

(c) any of the terms of this agreement.

Zable said it sent Mr N an email dated 30 March 2023. I've seen a copy of this. The email outlined changes to Mr N's credit card terms and conditions, with the changes coming into effect on 29 May. It said the key changes included an increase in Mr M's interest rate from 37.65% to 47.65% (an increase of 10%). There were some other changes related to fees and repayment options. The letter goes on to explain the changes in more detail.

Mr N has said he finds it strange that the terms were updated by email and then later updated again through the app. He said he would've thought he would have to accept or decline the terms in the same way. We are not the regulator and we do not have a role in reviewing the adequacy of a business' processes. That's the role of the FCA. So I'm unable to comment on the process it uses to communicate updated terms and conditions. But the email says:

"If you are happy with the changes set out below you don't need to take any action."

Mr N said as per CONC 6.7.13 he should have received sixty days' notice. The email was dated 30 March 2023 and it said:

"We're making some changes to your Zable Credit Card terms and conditions. These changes will come into effect on 29th May 2023."

So I'm satisfied the required notice period was given. The email was sent to the same email address that Mr N provided to this service, and I'm satisfied it was sent. It wouldn't be fair or reasonable for me to hold Zable responsible for Mr N not receiving it or reading it.

Mr N has also said that Zable hasn't acted in accordance with CONC. 6.7.14, 6.7.15 and 6.7.16 concerning interest rate variations. These requirements state that a firm has a right to increase the interest rate but must do so only when there is a valid reason. These requirements identify examples and say the consumer must be given a

"...suitable explanation which may be a generic explanation for such increases."

Zable provided the following explanation in the email on 30 March:

"Your interest rate is being increased to reflect changes in our assessment of your credit profile. We consider a number of factors when performing this assessment"

including how you manage your card with us (such as failed or missed payments on your account, and whether you've gone over your credit limit or were close to doing so) as well as how you manage products you hold with other lenders.

Please note that your annual interest rate is variable and remains linked to the Bank of England's Base Rate. This means your annual interest rate, after your revised terms and conditions take effect, could be higher or lower than 47.65% depending on changes in the Base Rate."

Interest rate rises are commercial decisions, and I don't have the power to interfere with them. I'm satisfied valid reasons exist and the above explanation is clear and suitable per the FCA CONC regulations.

I note in its final response letter Zable gave Mr U the opportunity to opt out of the changes to his terms and conditions. By doing so he would be closing his account and would need to pay any remaining balance. This option is still available to him.

I understand this will be disappointing for Mr N, but I'm satisfied Zable hasn't done anything wrong, so I won't be asking it to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 11 March 2024.

Maxine Sutton
Ombudsman