



The complaint

Mrs A complains that Sainsbury's Bank Plc ("Sainsburys") applied a default to her account.

What happened

Mrs A opened a credit card account with Sainsburys in January 2018. She stopped making minimum payments to the account in January 2019. Sainsburys wrote to Mrs A and advised her that the account was in arrears. Mrs A then started making reduced payments each month via StepChange. Sainsburys agreed to accept these and not charge interest. It refunded the interest and fees which were charged on the January – April 2019 statements.

The payments received by Sainsburys continued to reduce and the plan ended in August 2019. Interest started to be applied to the account again but this was later refunded in April 2021.

In April 2021 Sainsburys sent a Notice of Default to Mrs A asking her to bring the account up to date. Mrs A didn't bring the account up to date and the account was defaulted in May 2021.

In October 2023 Mrs A complained to Sainsburys about the default on the account. In its final response, Sainsburys said that it hadn't made an error by defaulting the account. It said the account was closed on 8 March 2021 and it appreciated that Mrs A hadn't received any statements since then. Sainsburys said it should be ensured that statements were sent each month, and that its collections team should've been in touch with her. It acknowledged that this fell below the level of service expected and offered compensation of £75.

Mrs A remained unhappy and brought her complaint to this service. She wants Sainsburys to write off the balance and pay compensation.

Our investigator didn't uphold the complaint. They said they were satisfied that the default had been applied correctly, and that the compensation for the poor customer service was fair.

Mrs A didn't agree. She said that if Sainsburys had sent her monthly statements, she wouldn't have been in a position where the account had defaulted. She said it wasn't fair that the account had been defaulted without warning.

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've reviewed the account statements. I've also looked at the correspondence that Sainsburys sent to Mrs A.

I can see that Mrs A first stopped making the minimum payments due on the account in January 2019. Payments of less than the minimum payment due were made via StepChange. Mrs A stopped using StepChange and continued to make payments of less

than the minimum payment due.

I can see that in December 2019, Sainsburys wrote to Mrs A and advised her that she had failed to make the minimum payment due for the last two months.

I can see that in March 2021, Sainsburys sent a letter to Mrs A advising her that it had spoken to StepChange and had decided to issue a default on the account. It said it would then be able to discuss a new longer-term arrangement with Mrs A where interest and charges wouldn't be applied.

I can see that Sainsburys sent a Notice of Default to Mrs A on 6 April 2021. The letter advised Mrs A that because she hadn't made the minimum monthly payments, there were arrears of £1518.09 outstanding and the balance on the account was £2051.88. The letter required Mrs A to bring the account up to date by paying £1518.09 before 4 May 2021 and warned her that the account would be defaulted if she didn't make this payment.

The relevant guidelines say that a lender should default an account if there are between 3 and 6 months of arrears. Having reviewed Mrs A's statements, I'm satisfied that this criteria was met. I'm unable to say that Sainsburys made an error when it issued the Notice of Default and then defaulted the account.

Lenders are under an obligation to report accurate information to the credit reference agencies. I can see that Sainsburys has reported the default in line with its obligations. I'm unable to say that Sainsburys made an error by reporting the default, because the default correctly reflects the state of Mrs A's account.

I appreciate that Sainsburys didn't send statements to Mrs A when it should have done. It has acknowledged that this was poor service and has offered compensation of £75, which I think is a fair amount.

Mrs A has said that if she had received statements then the account wouldn't have been defaulted. I'm not persuaded that this is the case. Mrs A would've been aware from the letter sent to her in December 2019 that there were arrears on the account and of what the outstanding balance was. She didn't take any steps to bring the account up to date between December 2019 and April 2021. Based on what I've seen, the account had been in arrears for a long time by the time that monthly statements stopped being sent. So I don't think the outcome would be any different. Sainsburys would still have defaulted the account.

Mrs A has also said that the account was defaulted without warning. I don't agree. Sainsburys wrote to Mrs A in March 2021 warning her that the account was going to be defaulted. It also sent a Notice of Default in April 2021. Mrs A didn't pay the arrears required by the Notice of Default and so the account was defaulted.

Taking all of the available information into account, I'm unable to uphold the complaint. I won't be asking Sainsburys to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 29 May 2024.

Emma Davy

Ombudsman