

## The complaint

Mr S complains about the way in which Sainsburys Bank Plc handled his complaint about interest which was applied to an interest free credit card account.

## What happened

In late 2022 Mr S opened a Sainsburys credit card account with an interest free credit limit of up to £12,000 for 24 months.

In March 2023 Mr S exceeded the credit limit due to an unexpected charge from a merchant. Mr S thought the merchant was going to issue a refund in March 2023 but when this didn't happen, he made a payment to reduce the balance on the credit card back below the credit limit.

In June 2023 Mr S noticed that the account was incurring interest even though the balance was within the credit limit. He contacted Sainsburys to query this. Sainsburys advised Mr S that it couldn't discuss the account until he had completed the security process and provided verification of his address change.

Mr S says he sent details of his address promptly by recorded delivery, but Sainsburys didn't receive these and he had to send them again. This caused delay.

Mr S says that when he discussed the account with Sainsburys between July and August 2023, he spoke to different telephone agents and was provided with conflicting information. He says he was misled because he was advised that the interest was being incorrectly charged. Eventually Mr S was advised that the interest free offer on his account had been voided because he'd exceeded the credit limit during the interest free period.

Mr S complained to Sainsburys. He said that if this information had been communicated to him earlier, he could've taken action to avoid further interest accruing. He said he thought that the security process was unsuitable and that there should be a better process in place. Mr S said he'd incurred interest of £735.11 which he didn't think he should have to pay, and that he'd spent a lot of time trying to resolve things with Sainsburys.

Sainsburys acknowledged that Mr S had been given incorrect and/or contradictory information several times when he called and upheld his complaint on the basis that the service he had received was below what he should expect. Sainsburys offered compensation of £75 in recognition of the service failings.

Mr S remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. She said that having listened to the calls, she agreed that Sainsburys had provided Mr S with incorrect and contradictory information in relation to address identification documents and contradictory information with regards to documents which he'd sent by recorded delivery being received. She said that this happened on more than one occasion, with the result that Mr S wasn't able to discuss his account which had caused him distress and inconvenience. The investigator said that Sainsburys should pay

further compensation of £100 for this. The investigator said there hadn't been a bank error in charging interest on the balance because the terms and conditions of the account which Mr S had been provided with when he opened the account stated that the standard interest rate would apply if the credit limit was exceeded at any time.

Sainsburys said that it felt that its offer of £75 had been fair but that to bring matters to a close it would increase the compensation to £175.

Mr S didn't agree. He said he had no prospect of recovering the interest he'd been charged from the merchant and felt that he'd been penalised with interest through no fault of his own.

### **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.

#### Change of address and information provided by Sainsburys

I've reviewed the available information regarding Mr S's change of address and Sainsburys requirement that he validated this in order to pass security on the account.

Mr S has told this service that he first became aware that he needed to update his address in December 2022. He says he sent in proof of his old and new address at this time. Sainsburys has no record of receiving this.

Mr S says that when he called Sainsburys in June 2023 regarding the transaction with the merchant, he became aware that his address hadn't been updated. Mr S says he sent the required documents to Sainsburys again, but Sainsburys failed to action it until July 2023.

I've listened to all the calls which took place between Mr S and Sainsburys during the relevant period of 4 June to 31 July 2023. During the first call on 4 June, Sainsburys advised Mr S that it couldn't discuss his account with him as he had failed security verification on the last occasion that he had called. The agent provided Mr S with details of which documents to send.

Although Mr S has told this service that he sent in documents about his address in December 2022, he didn't mention this during the call. If Mr S had already sent in address verification documents, I would have expected him to mention this to the agent.

In subsequent calls, Mr S spoke to different agents and was provided with contradictory information about which address identification documents to send. This caused delay and meant that there was an extended period of time when Mr S couldn't discuss his account. I appreciate that this caused Mr S frustration and inconvenience because he had to keep calling Sainsburys. Sainsburys has already acknowledged that it could've provided better customer service to Mr S and offered compensation of £75. I'm in agreement with the investigator that this sum should be increased to £175.

#### Interest free period

Mr S has said that it wasn't his fault that the credit limit was exceeded on the account. He's explained that a merchant charged his account unexpectedly and then said it would refund the charge but failed to do so. I haven't seen any information to suggest that the charge from the merchant wasn't valid. In any event, even if the charge had been refunded by the

merchant, there would still have been a period during which the credit limit on the account was exceeded, and this means that the interest free offer would've been voided anyway.

Mr S has said that if he'd been advised by Sainsburys at an early stage that the interest free offer had been voided, he would've taken steps to pay off the account balance to avoid incurring interest charges. Mr S has said that as soon as he did find out that the interest free offer was void, he paid off the account, but by then several hundred pounds worth of interest had accrued.

I don't disagree with what Mr S has said, however, the reason why Sainsburys couldn't discuss the account with Mr S at the outset was due to the security verification issue.

I've reviewed the terms and conditions of the account. These were provided to Mr S when he opened the account. These state that "*We may apply the standard interest rate to transactions carried out at a special promotion rate before the end of the special promotion period in any month you do not make at least your minimum payment by the payment date or if you exceed your credit limit at any time*".

Therefore, irrespective of the fact that Sainsburys didn't tell Mr S until 29 July 2023 that the reason for interest being charged to the account was because he had exceeded the credit limit on 14 April 2023, I'm satisfied that Mr S was aware – or ought to have been aware – already that the interest free promotion would be voided if he exceeded the credit limit because the terms and conditions of the account clearly state this.

I understand that Mr S feels strongly about this. He says it wasn't his fault that the merchant charged his account and caused him to exceed his credit limit. I'm unable to comment on whether the merchant made an error or not. However, based on what I've seen, I'm unable to say that Sainsburys has made an error by applying the standard interest rate to the account. Therefore, I won't be asking Sainsburys to refund any interest.

### **Putting things right**

As I've explained above, I think Sainsburys could've provided better customer service to Mr S. He was given conflicting information regarding which address identification documents to send on more than one occasion. There also appeared to be some issues with Sainsburys receiving documents. This led to Mr S having to make repeated calls to Sainsburys, which has caused him distress and inconvenience. I agree with the investigator that Sainsburys should pay further compensation of £100, bringing the compensation to a total of £175.

### **My final decision**

My final decision is that I partially uphold the complaint in relation to customer service issues. Sainsburys Bank Plc must pay further compensation of £100 to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 July 2024.

Emma Davy  
**Ombudsman**