

The complaint

Miss C has raised several complaints about her previous credit card account with Sainsbury's Bank Plc including that it didn't process her balance transfer properly; it failed to close her account when requested to do so; and its agent was rude to her during a call.

What happened

Miss C opened a Sainsbury's credit card account on 6 June 2022. This had a 0% balance transfer offer which lasted for fourteen months. When this offer was nearing an end, Miss C arranged for a balance transfer to another business who I'll refer to as 'N'. On 28 July 2023, N sent Sainsbury's a balance transfer payment of £4,000 (the 'BT payment') which was applied to Miss C's account. However, because a direct debit payment had already been processed on 21 July 2023, this meant her Sainsbury's account was £300 in credit.

On 3 August 2023, Miss C called Sainsbury's and requested it pay the £300 credit balance to her bank. But the Sainsbury's agent explained to Miss C this payment could only be sent to the source of the overpayment which was N. So, the agent said they'd arrange to return £300 to N.

On 29 August 2023, Sainsbury's received a Credit Payment Recovery ('CPR') claim from N – this was a request for the BT payment to be repaid to N. Two days later Sainsbury's contacted Miss C via its secure messaging service, and by post, letting her know about the CPR claim request and told her she had fifteen days to challenge this. As Sainsbury's didn't receive a response from Miss C, it returned the funds to N on 21 September 2023. It should be noted that the £300 payment Sainsbury's had attempted to send to N, had 'bounced back' so the full £4,000 was returned.

On 19 September 2023, Miss C called Sainsbury's to pay the outstanding balance of £238.95. She also asked for her account to be closed which the agent said they would do. However, a mistake was made by the agent and the account remained open.

On 30 September 2023, Miss C contacted Sainsbury's saying she was unhappy about the return of the funds to N. She said she was expecting only £300 to be returned and for her account with Sainsbury's to be closed. Miss C thought Sainsbury's had made a mistake with its figures. She also thought it had closed her account and re-opened it again which she said it wasn't authorised to do.

Subsequently, Miss C raised an issue of a missed payment from her September 2023 statement, which had happened due to her direct debit arrangement being cancelled. She thought this was connected to Sainsbury's closing her account before re-opening it again. But Sainsbury's maintained Miss C's account had not been closed. And said even when an account is closed, a direct debit arrangement is not automatically cancelled as this may be needed to clear any outstanding balance. Sainsbury's added that if one of its agents had cancelled the direct debit there would be an audit trail on its system which, in this case, there was not.

Miss C raised a complaint about the way Sainsbury's handled her balance transfer. In

response, Sainsbury's apologised for not closing her account and offered her £25 in compensation as well as a two-month interest waiver to allow her time to settle her balance. In terms of the direct debit cancellation, as a gesture of goodwill Sainsbury's agreed to remove the missed payment marker from Miss C's credit file. But it maintained that it was not responsible for the cancellation.

Our investigator didn't initially recommend upholding the complaint. The investigator considered Sainsbury's had fairly and reasonably compensated Miss C's for its mistake in terms of the account failing to close. But after considering the issue of the direct debit cancellation, our investigator thought, as well as removing the marker from Miss C's credit profile, Sainsbury's should increase its compensation offer to £150 for its mistakes. The investigator thought, on balance, as Miss C was able to provide evidence from her bank that she had not cancelled the direct debit mandate, Sainsbury's was likely the reason for the cancellation.

Neither party agreed with the investigator's view. Miss C thought the compensation was inadequate for the distress and inconvenience Sainsbury's had caused. And Sainsbury's thought it should not be held responsible for the cancellation of the direct debit. So the matter was passed to me for a decision.

I issued a provisional decision and explained why I would not be upholding the complaint. Sainsbury's agreed with the recommended outcome. Miss C disagreed. In summary, she said:

- The £300 payment was the result of her direct debit payment, and it wasn't returned to the bank. This didn't happen and there was no explanation as to why not.
- The account was closed by Miss C, and it was illegally re-opened by Sainsbury's.
- Without her knowledge Sainsbury's charged her for a missed payment which only came about because it had closed her account 'fraudulently' and 'illegally'.
- Sainsbury's has provided misleading evidence to support its case.
- Sainsbury's actions have impacted on Miss C's credit rating and her ability to receive the interest rate she was able to previously receive. This has caused her financial hardship.
- The £25 doesn't sufficiently compensate Miss C for her loss.
- Miss C maintains the Sainsbury's agent was rude to her over the phone.

So, the matter has been passed back to me for a decision.

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'm not upholding this complaint. I note what Miss C has said but having read her further submissions in response to my provisional decision, I can't see she has added any further substantive information and/or evidence. And in reaching my decision, I've taken into account all of the evidence and arguments to reach what I consider to be a fair and reasonable outcome to this complaint. I have not relied solely on what Sainsbury's has provided. So, the reasons for my decision remain the same as those set out in my provisional decision, which are:

Sainsbury's has accepted it made a mistake when it did not close Miss C's account. I

understand Miss C's frustration with this. And I understand why she considers it led to the balance transfer failing to complete and the direct debit being cancelled. But I do not think Sainsbury's failure to close Miss C account in September 2023 when she requested this, led to these problems which I will explain in more detail below. All in all, whilst I think Miss C suffered a degree of distress and inconvenience as a result of the account not closing when she expected it to, I consider the offer made by Sainsbury's of £25 and a two month interest free period, fairly and reasonably compensates her for the impact this caused.

Turning now to the balance transfer failing to complete as Miss C had requested, from what I can see, this was due to N's CPR claim. The reason N gave for this was that incorrect details were entered which it said was due to 'customer error'. This seems to be due to the 'personal authentication number' being quoted incorrectly. I also note Sainsbury's gave Miss C fifteen days to challenge the CPR claim but she did not do so. Given this, I can't fairly or reasonably say Sainsbury's did anything wrong when it returned the funds to N.

However, Miss C says she did not receive the notice from Sainsbury's about N's CPR claim which was sent to her on 31 August 2023. But I can see Sainsbury's sent this notice both by post and via its secure messaging service on this date. I appreciate Miss C may not have logged into her Sainsbury's account to check her secure messages given she was in the process of transferring to another provider. Nevertheless, I can see the letter was sent to her registered home address. And given the vast majority of correctly addressed letters are received at the named address, I think it is more likely than not that Miss C received this letter. In my view, Sainsbury's clearly and fairly communicated N's CPR claim request to Miss C.

In terms of Sainsbury's refusal to transfer the £300 credit balance to Miss C's bank, she says this was unfair and that the agent she spoke to on 3 August 2023 about this issue, was rude to her. In respect of the first point, the direct debit payment had been correctly applied to Miss C's account ten days before the BT payment and at that point there remained an outstanding balance. It was only when the BT payment was made that her account went into credit. Miss C still would have benefited from these funds in that the amount she owed N would have been lower than the original £4,000. As the transfer did not proceed, I can see the £300 was reapplied to her Sainsbury's account. So, I don't think Sainsbury's acted unfairly or unreasonably when it said it would only send the £300 directly to N.

With regard to Miss C's second point, I've listened to the call from 3 August 2023. And I am satisfied the agent Miss C spoke to during this call, was not rude. It was a difficult message the agent was trying to get across to Miss C, which I consider was done in a reasonable manner. So, I will not be upholding this part of the complaint.

In respect of the cancellation of the direct debit which led to a missed payment in September 2023 and was recorded on Miss C's credit file, as I've said above, I am satisfied her account was not closed, so I do not think this explains why the direct debit was cancelled. In any event, I'm persuaded by Sainsbury's explanation that a direct debit arrangement would only be cancelled in certain situations such as if it hasn't been used for a set period of time. A closure of an account isn't one of the reasons a direct debit would be cancelled according to Sainsbury's internal document as it could be needed to clear any remaining balance.

Moreover, I can see Sainsbury's has now provided evidence that the cancellation was due to Miss C doing this via her mobile app on 13 August 2023. It has provided system notes to show the change in codes this produced. And has said that the cancellation by this method, does not generate a letter as it would do if Miss C had cancelled the direct debit online or over the phone.

Whilst it is disappointing it has taken Sainsbury's sometime to provide this evidence, I'm persuaded, on balance, that the cancellation of the direct debit wasn't the result of anything it had done. I think more likely than not that Miss C cancelled the direct debit via her mobile app and then arranged to make the final payment over the phone on 19 September 2023. So, although Miss C still believes Sainsbury's is in the wrong for what happened here, the weight of the evidence, on balance, supports that it didn't make an error which led to the cancellation of her direct debit. I understand as a gesture of goodwill Sainsbury's has offered to remove the missed payment marker from Miss C's credit file. It will be for Miss C to decide whether she wishes to accept this offer.

Finally, I sympathise with Miss C's situation in terms of the financial difficulties she says she is experiencing. But for the reasons I've set out above, I remain of the view that I can't fairly uphold this complaint. I think Sainsbury's has made a fair and reasonable offer for the mistake it made and I won't be asking it to do anything further.

My final decision

My final decision is that Sainsbury's Bank Plc, to the extent it hasn't done so already, should pay Miss C £25 and ensure that a two months' interest free period has been applied to her credit card account, but it need do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 22 October 2024.

Yolande Mcleod
Ombudsman