

The complaint

Mrs K has complained that Zempler Bank Limited trading as Cashplus acted irresponsibly when it provided her with a credit card in June 2023.

Background

Mrs K applied for a credit card with Cashplus in June 2023. Her application was approved, and she was given a card with a limit of £500. Mrs K has said that at the time of application she was already experiencing financial problems and was in arrears with an existing loan she had taken elsewhere. She believes if Cashplus had run sufficient checks it would have realised she was gambling in a compulsive and harmful way and was overly reliant on her overdraft and had a poor credit history.

In addition, Mrs K has said that Cashplus has been sending her distressing emails and texts and has been unhelpful when she reached out to explain her circumstances to it. She wants all the payments she has made to the card refunded as all as interest and charges. She would also like Cashplus to remove any reference to the credit card from her credit file.

Cashplus has said that at the time of application it completed an income and expenditure form with Mrs K and found that she had sufficient disposable income each month to comfortably repay at least 10% of the outstanding balance on the card. It has also said that at the time she notified it that she was in financial difficulties it did provide her with support but that she stopped responding to it. It confirmed that Mrs K is now on a repayment plan and is making payments of £5 per month to the balance. As Cashplus didn't think it had done anything wrong it didn't uphold the complaint.

Mrs K was unhappy with the response from Cashplus and brought her complaint to this service. One of our investigators looked into it already. They found that Cashplus did run sufficient checks at the time of application and that there was nothing to indicate the card would be unaffordable for her. So they didn't uphold the complaint either. Mrs K disagreed with the investigator's findings and asked for an ombudsman to review the complaint again and so it's been passed to me for consideration.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance, and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, the total cost of the credit and what it knew about the consumer at the time of application.

At the time Mrs K applied for the credit card Cashplus asked her to complete an income and expenditure form, outlining what her income and outgoings were each month. It also reviewed the information on her credit file. Mrs K declared she was earning approximately £29,000 and had monthly outgoings of approximately £840 as well as existing credit obligations of just over £392 per month. It calculated that once these had been met each month Mrs K would have a disposable monthly income of over £650. So, it felt the card would be affordable, particularly given the low opening limit that was provided.

Mrs K has said that at no time did Cashplus ask for evidence of her earnings or ask to see her bank statements. It's important to clarify that businesses are specifically obliged to ask for this sort of evidence when considering a credit application. Mrs K hasn't said her declared income was incorrect or misrepresented and Cashplus did review her credit file to understand how she was managing her existing debt. At the point it did that there were no recorded missed payments. I know that shortly after receiving the card Mrs K started to miss loan repayments to another credit provider but this information wasn't visible on her file at the time Cashplus checked it so I can't say the business was wrong not to consider that.

Likewise, Mrs K has told us that she was gambling in a compulsive and harmful way at the time she applied for the card. Looking at her bank statements from June 2023 I can see lots of evidence of gambling and so I don't doubt what she has told us. However, the business isn't obliged to ask to see bank statements and so I can't say it was wrong not to do so. And there was nothing else that would have alerted it to the fact Mrs K's gambling was problematic at the time. So even though this was an issue for her at the time she applied because Cashplus didn't see her statements it was unaware of the problem. So I can't say that business failed to consider it properly when reviewing her application and I can't uphold the complaint on that basis.

Therefore, having reviewed the information Cashplus requested, as well as what it saw on Mrs K's credit file at the time she applied, as well as the modest opening limit, I can't say Cashplus missed any indicators that the card would become problematic for Mrs K or that it wasn't affordable for her and I can't uphold her complaint on that basis.

Finally Mrs K has said that Cashplus failed to offer her meaningful support when she contacted it about the problems she was experiencing. Cashplus has confirmed that when Mrs K contacted it in August 2023 to tell it she was having financial difficulties it placed an immediate freeze on her account to ensure no additional interest or charges would be applied. When the freeze was due to end it attempted to contact her to discuss her options in November and December that year. However Mrs K didn't respond to Cashplus at that time. So in January 2024 the freeze was removed. Mrs K then contacted the business in April 2024 and Cashplus agreed to put her on a repayment plan to repay the outstanding balance.

While I can understand why receiving emails and texts asking her to contact the business to discuss the account may have felt overwhelming and difficult for Mrs K at the time, I can't say that it was unreasonable for Cashplus to try to contact her that way. And looking at what happened each time Mrs K did speak to the business directly about her concerns I think it tried to offer genuine support. So I can't say that the business has treated her unfairly and won't be upholding her complaint on that basis either.

I've also considered whether Cashplus acted unfairly or unreasonably in some other way, including whether its relationship with Mrs K might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

My final decision

For the reasons set out above I'm not upholding Mrs K's complaint against Zempler Bank Limited trading as Cashplus.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 30 January 2025.

Karen Hanlon
Ombudsman