

The complaint

Mr D has complained about the way that Marks & Spencer Financial Services Plc, trading as M&S Bank ('M&S') has been dealing with his credit card account.

What happened

Mr D is being represented by a third party in his complaint. He has made a number of complaints about the way M&S has been managing his account.

Mr D got into difficulties with repaying his M&S account in early 2023. Therefore, M&S agreed to provide him with an interest-free period on his account for 6 months from May 2023.

M&S later agreed to put a further 12-month hold on the account from October 2023. But it said it would still have to keep his credit file updated.

Mr D said he was continuing to receive calls from M&S, despite his representative making several requests that all communications should go through them.

In January 2024 Mr D wrote to M&S saying that he may be able to make a full or partial repayment to the account. Later that month he wrote to M&S to complain that his credit limit had been decreased from £2,000 to £850. He also requested that in view of his situation, his account should be frozen with all interest removed.

M&S would not agree to return the credit limit to its previous level. But it agreed to refund some interest that ought not to have been added to the account in July 2023.

Mr D remained unhappy and raised several further complaints about the way M&S was handling his account and chasing him for payment. M&S confirmed that it had a statutory obligation to send letters regarding arrears to Mr D, until such time as he was able to appoint his representative to be his attorney.

M&S issued a final demand letter in March 2024. Mr D settled the full outstanding balance on the account before it was necessary for M&S to issue a notice of default.

In April 2024 M&S it said it would still be keeping Mr D's credit file updated, in line with its reporting obligations. Finally, M&S said it would be closing the account. In one of its letters it said the reason was that Mr D's relationship with them had broken down.

Mr D brought his complaint to this service, complaining that credit limit should be reinstated to £2,000, his account should be put on hold with no interest or charges allowed to accrue and his credit file be amended to reflect this.

M&S accepted that it could have explained better how putting an account on hold would operate and for continuing to call Mr D when he had asked that such calls go to his representative. It offered Mr D £100 by way of compensation which Mr D has rejected.

Our investigator looked into the complaint and didn't uphold it. They also said that M&S's £100 offer for distress and inconvenience was fair but suggested an additional £100 should be awarded in order to settle it.

I then issued a provisional decision, dated 6 December 2024. Given the level of detail relating to each of the issues raised by Mr D, which I reviewed in full, I won't repeat them in any further detail here.

To summarise, in reaching my provisional decision, I didn't consider that M&S had acted unfairly in reducing the credit limit on the account and reporting the action it had taken to the credit reference agencies. I also thought that M&S had a legal obligation to let Mr D know if it was taking action that his account was in arrears, so it wasn't wrong to have sent him a notice of default and a final demand letter in early 2024. However, I thought M&S could have done better in its communication with Mr D and his representative in relation to the hold requests and also in relation to the eventual closure of Mr D's account.

All of this meant that I was satisfied that Mr D was entitled to receive some compensation. I thought the original offer of £100 for the distress and inconvenience Mr D had been caused by M&S's actions needed to be increased to £200.

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.

We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Given that neither party has provided me with anything further to consider, my final decision will be on the same basis and award the same compensation as set out in my provisional decision.

What M&S needs to do to put things right

It follows that I think it's fair and reasonable for M&S to pay Consumer a total of £200 by way of compensation for the distress and inconvenience he's been caused.

My final decision

For the reasons I've explained here and in my provisional decision, Marks & Spencer Financial Services Plc, trading as M&S Bank, is required to put things right by paying Consumer compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 February 2025.

Michael Goldberg
Ombudsman