

## **The complaint**

Miss B complains about the way in which Jaja Finance Ltd trading as Asda Money Credit Card managed her account.

## **What happened**

Miss B holds a credit card account with Jaja.

In May 2024 Miss B missed a payment on the account. On 7 June 2024 Miss B contacted Jaja and advised that she was experiencing financial difficulties.

Jaja agreed a 30-day breathing space with Miss B. Following this, Jaja issued a default notice due to the level of arrears on the account. The account was defaulted in September 2024.

Miss B raised a complaint with Jaja. She said that breathing space should've been applied to her account and that she shouldn't have been charged fees and charges. She was unhappy that she'd received a default notice. She was also unhappy that she hadn't received a response to emails that she'd sent.

In its final response, Jaja said that breathing space had been applied to the account on 7 June 2024 and was removed on 8 July 2024. Jaja said the fees and charges had been applied in line with the terms and conditions of the account, but as a gesture of goodwill it refunded the late payment and interest applied in June and July, and the interest applied in August. Jaja apologised for the customer service Miss B had received and offered compensation of £50.

Miss B remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. He said that he was satisfied that the default had been fairly applied but said that there were customer service failings where Jaja didn't respond to Miss B's emails which led to delays in the complaint being dealt with.

Miss B didn't agree. She said she didn't feel that her company had been fully reviewed and made specific reference to a call with Jaja on 3 September 2024. Miss B said that her health issues hadn't been mentioned. She also said that she didn't think the default should remain on her credit file given the customer service failings.

Because Miss B didn't agree I've been asked to review the complaint.

## **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 know that it will disappoint Miss B, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss B has told this service that when she initially spoke to Jaja on the phone the agent agreed to put her account on hold and said that interest and fees wouldn't be charged. Miss B says that despite what was agreed on the call, she continued to receive reminder letters for payments, and she noticed that interest and fees were still being added to her account. This is what prompted her initial complaint in June 2024.

I've listened to the call that took place in June 2024. On the call, Miss B explained her financial situation and asked for the account to be put on hold. The agent offered to apply a 30-day breathing space and explained that Miss B would need to contact Jaja after the 30 days had expired otherwise interest and fees would be applied to the account again. The agent also explained that the missed payments on the account would continue to show on Miss B's credit file. On the call, Miss B asked for a late payment charge to be removed. The agent agreed to remove a late payment charge which had been applied in May 2024, but said that notwithstanding the removal of the charge, the missed payment would continue to be reflected on Miss B's credit file.

When a consumer is experiencing financial difficulties, this service expects a business to respond positively and sympathetically. I've had this in mind when thinking about whether Jaja treated Miss B fairly when she made her initial call. Having listened to the call, I'm satisfied that Jaja took account of what Miss B said about her circumstances and responded in a reasonable way by agreeing the 30-day breathing space.

I appreciate that Miss B has said that she felt harassed when Jaja continued to send her reminder letters. However, I haven't heard anything on the call to suggest that Jaja agreed to stop sending these. In any event, Jaja is under an obligation to keep Miss B informed about the status of the account, including the impact that the missed payments were having, so I'm unable to say that Jaja made an error or treated Miss B unfairly in this respect.

I understand that Miss B wasn't happy with the service she received from Jaja. She's told this service that she found it difficult to contact Jaja by phone and didn't receive responses to several emails that she sent. I've reviewed some of the emails that Miss B sent to Jaja, including the emails dated 15 June 2024, 18 June 2024 and 10 July 2024. These emails largely relate to the communications that Jaja had sent to Miss B about her missed payments. Jaja didn't acknowledge the first two emails, but it did acknowledge the third. However, I can't see that a complaint was logged at this time. I agree with the investigator that this was a customer service failing on Jaja's part.

I've reviewed the contact notes provided by Jaja. I can't see that Miss B contacted Jaja at the end of the 30-day breathing space to update them about her financial position or try to agree further breathing space or a payment plan. The history of the account shows that Miss B continued to miss monthly payments after the breathing space had ended and by August 2024 the account was three months in arrears. The relevant Information Commissioners Office principles state that a lender can default an account where there are at least three months of arrears. So, in this case, I'm unable to say that Jaja made an error or treated Miss B unfairly when it issued the default notice.

I understand that Miss B feels that Jaja didn't offer her support at what was clearly a difficult time. However, based on what I've seen, and whilst I agree that there were some customer service issues. I don't think Jaja ignored Miss B's circumstances. I say this because Jaja agreed breathing space. I appreciate that Miss B wanted Jaja to put a hold on her account

until her circumstances improved, however, there's no obligation on Jaja to do this. It would be irresponsible for a lender to allow arrears to increase for an extended period of time without defaulting the account, because this would mean that the consumer ended up in more debt and arguably a worse financial position.

Miss B was concerned that the investigator hadn't referred to the call dated 3 September 2024 in his view. I've listened to this call, which is over 45 minutes long. On the call, Miss B expressed her concerns about her emails not being responded to and the fact that she'd received a default notice 12 days late. It's clear from the call that Miss B was annoyed about the default notice and the impact that this might have on her credit file. Miss B said that breathing space should have been applied but that it hadn't been. Miss B asked the agent to remove the default and waive interest, fees and charges on the account.

Having listened to the call, this doesn't change my view that Jaja didn't make an error or treat Miss B unfairly when it issued the default notice. The agent on the call did her best to assist Miss B but it was clear that Miss B's previous complaint hadn't been logged properly and some of her emails hadn't been received by the complaints team. The agent asked Miss B to send all her emails again to the complaints team so that a complaint could be logged. I appreciate that this was frustrating for Miss B and – as I've said above – this demonstrates a clear customer service failing on Jaja's part.

In relation to the default notice, I understand that Miss B didn't receive this until 12 days after the date it was issued. I've reviewed the system notes and I can't see that the delay was due to an error by Jaja. So, whilst I appreciate Miss B's frustration, I can't fairly hold Jaja responsible for delays in the postal service.

I've already said that I think Jaja acted fairly when it defaulted the account. I've reviewed the account to see whether breathing space was applied when it should've been, and I'm satisfied that it was. Outside of the period of breathing space I can see that interest and charges were applied in line with the terms and conditions of the account. Jaja has removed some of these as a gesture of goodwill, which I think is fair and reasonable.

Taking all the available information into account, I'm unable to say that Jaja made an error or treated Miss B unfairly or unreasonably when it defaulted the account. But I am of the view that there were customer service failings by Jaja in relation to its failure to respond to Miss B's emails and log her complaint properly. This has caused Miss B distress and inconvenience, as she's spent a lot of time chasing up her complaint. For this reason, I agree with the investigator that the compensation payable to Miss B should be increased to £150.

### **Putting things right**

To put things right, Jaja Finance Ltd trading as Asda Money Credit Card must pay total compensation of £150 to Miss B for the customer service failings.

### **My final decision**

My final decision is that I uphold the complaint. Jaja Finance Ltd trading as Asda Money Credit Card must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 March 2025.

Emma Davy

**Ombudsman**