

The complaint

Mr B complains about the service he received from Sainsbury's Bank Plc ("Sainsbury's Bank") in relation to his credit card account.

What happened

Mr B held a credit card account with Sainsbury's Bank. He had held the account for many years and says that he always paid the monthly balance in full. Mr B says that, in 2023, Sainsbury's Bank reduced his credit limit. He says he never received an explanation why, despite asking Sainsbury's Bank. He says that, on occasion, his spending was close to the new limit and he found it irritating to receive warnings when this happened.

More recently, Mr B's card was blocked when he attempted certain transactions. It was then declined when he attempted a purchase from a merchant which I'll call M, but Mr B says he received no contact from Sainsbury's Bank about this. In addition, he says that a monthly payment to a merchant which I'll call A was declined, again with no contact from the bank.

Mr B tried to raise a complaint through Sainsbury's Bank's secure messaging system, but his message was rejected by the system initially. He was generally unimpressed by the customer service he received. He says that, amongst other issues, Sainsbury's Bank used an incorrect card number as the reference on its messages to him. He referred the complaint to this service, seeking an apology and compensation for the irritation and inconvenience he'd experienced as well as the time and effort he'd spent. He has since closed the account.

In response, Sainsbury's Bank said that Mr B's credit limit hadn't been reduced. Rather, he had applied to increase the limit and this request had been declined. Sainsbury's Bank said it had considered several factors to reach this decision but couldn't confirm the exact reason why the request had been unsuccessful. It said that it had confirmed its decision to Mr B by secure message at the time and he could have appealed by writing to the address provided.

In relation to the block applied to Mr B's account, Sainsbury's Bank said that this was applied in line with its terms and conditions as the account had been flagged by its automated fraud detection system. It said it had tried to call Mr B but couldn't reach him. It said it had sent him a secure message asking him to call but didn't hear from him.

Sainsbury's Bank apologised for the problems Mr B had encountered when trying to contact it through its messaging system. It said it had asked its IT department to take steps to avoid this happening again. But it said that there had been no error in relation to the reference number used on its messages.

Sainsbury's Bank accepted that it hadn't raised a complaint despite receiving a message from Mr B entitled "*make a complaint*". It apologised for this and backdated the complaint to the date of Mr B's message. It agreed this meant it had taken longer than eight weeks to respond to the complaint.

Overall, Sainsbury's Bank didn't think it had done anything wrong in relation to the credit limit, the declined transactions or the reference number on its messages. But it accepted that

it had made mistakes in the way Mr B's concerns had been handled. It offered him £100 in recognition of the inconvenience caused. Mr B didn't accept this offer.

I issued a provisional decision on 3 March 2025 indicating my intention to uphold the complaint and award Mr B compensation of £250 (being the £100 already offered in relation to customer service issues and a further £150 in relation to the credit limit request). Mr B accepted the provisional decision. But Sainsbury's Bank didn't agree to the additional compensation, saying it was disproportionate.

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've given careful thought to Sainsbury's Bank's comments, but I haven't changed my mind about the outcome of this complaint. Sainsbury's Bank referred to the additional redress as being compensation for the frustration and inconvenience caused by its communications about the credit limit request. I think the communications were poor. But that wasn't the only thing which caused Mr B detriment. Sainsbury's Bank didn't follow its usual procedure when dealing with Mr B's request, so I don't think he was treated fairly. My findings are set out fully below.

Credit limit

Mr B accepts that his credit limit wasn't reduced by Sainsbury's Bank in the period he's complaining about. Rather, he requested an increase to the limit and this request was declined. It's not disputed that Sainsbury's Bank decided not to increase Mr B's credit limit. But the parties disagree as to whether this decision was fair so that's what I'll focus on here.

Mr B requested the increase online, as Sainsbury's Bank had directed him to do. When his request was declined, he sent a message to Sainsbury's Bank saying that it had no basis or justification to decline his request as his payment record was impeccable. I realise Mr B feels strongly about this. But it's for Sainsbury's Bank to decide who it lends to and on what basis. It didn't have to approve his request for increased borrowing, regardless of his payment record. That is just one factor which a lender will take into account; there can be many different factors which influence a lending decision. I haven't seen anything which makes me think Sainsbury's Bank's decision was unreasonable here.

Mr B is unhappy that Sainsbury's Bank gave no explanation for its decision. In response to the complaint, Sainsbury's Bank said that it considers several factors, including Mr B's financial and personal circumstances, such as his credit history with Sainsbury's Bank and other lenders, affordability and how his account has been maintained. But it said this list is not exhaustive. Mr B says it's insulting to imply he had difficulty with other lenders. But I don't think Sainsbury's Bank implied that he actually had such difficulties. It was simply listing some of the factors which it considers generally, without saying they were the reason for its decision in Mr B's case.

Sainsbury's Bank said that its underwriting approach is business sensitive so it couldn't confirm the exact reason for its decision. I wouldn't expect a business to provide detailed reasons for a lending decision. But a customer can ask why their application was declined and, under the Standards of Lending Practice, the business should tell them the primary reason. I don't think the primary reason is clear from Sainsbury's Bank's letter.

Sainsbury's Bank has explained that Mr B's request was declined by its system. It says that, in this scenario, it invites customers to appeal the decision with supporting documents. It

says it advised Mr B that he could appeal by writing to an address which it provided in a secure message in May 2023. I've seen this message; it was sent by Sainsbury's Bank in response to one from Mr B expressing dissatisfaction that his request had been declined. Sainsbury's Bank said *"Unfortunately, the system does not allow us to see why your increase has been declined. If you'd like to contact us about our decision please write to ..."*

This message didn't tell Mr B that he could appeal the decision. But it did indicate that he might be able to find out why his request was declined. Mr B says he had already queried the decision through the secure message. But I think it was clear that he needed to write to the postal address if he wanted to know more and I think that's a reasonable approach.

Turning to Sainsbury's Bank's comment that it advised Mr B he could appeal, I asked it to provide the message which informed him of this. It provided details of the message which would have been displayed to Mr B online when his request was declined. This simply says *"We've declined your request. We're not able to increase your credit limit at the moment. Depending on how you manage your account we may be able to consider a limit increase in the future."* There is no mention of the possibility of appealing the decision.

So, I find that Sainsbury's Bank didn't tell Mr B at the time that he could appeal the decision. I'd expect Sainsbury's Bank to have followed its usual procedure when dealing with Mr B's request. I find that the usual procedure is to offer customers a chance to appeal. That didn't happen here and I don't think that was fair.

I can't say whether the lending outcome would have been different if Sainsbury's Bank had told Mr B he could appeal. Sainsbury's Bank says there was no financial detriment to Mr B. And, it says, the fact that he didn't raise the complaint until the following year implies that he had no need for the increased borrowing and suffered no disruption through it being declined. I haven't seen any evidence of financial detriment to Mr B. But that doesn't affect my finding that Mr B was treated unfairly. Part of treating customers fairly is following procedures correctly and applying them consistently. I don't think that happened here.

In addition, when responding to the complaint, Sainsbury's Bank relied on the appeals process as something which Mr B could have pursued at the time if he wasn't happy. I don't think that was reasonable; Mr B wasn't told at the time that he could appeal, so he can't be expected to have done so.

In summary, I can't conclude that it was unreasonable for Sainsbury's Bank to decline Mr B's request for more credit. But I think its communications around this decision could have been better. In particular, I think Sainsbury's Bank should have made it clear that Mr B could appeal the decision. I can't conclude that the outcome of Mr B's application would have been any different if he had appealed. But I think that some of the frustration and inconvenience he experienced would have been avoided and he would have had the opportunity to pursue the application further. I think the best way for Sainsbury's Bank to put this right now would be to pay Mr B some compensation. I think £150 would be a fair amount for this aspect of the complaint.

Declined transactions

Turning to the declined transactions, it's right that Sainsbury's Bank has security measures and procedures in place to safeguard Mr B's account and prevent fraud so far as possible. As to exactly what those procedures are and how they're carried out, that's for Sainsbury's Bank to decide. What I'm looking at is whether it followed its procedures correctly and fairly.

Under the terms and conditions of Mr B's account, Sainsbury's Bank can refuse to pay a transaction if, amongst other things, it's concerned about the security of his account or if it

believes the transaction is potentially suspicious. Its fraud detection system flagged the transactions in question as potentially suspicious, so they were declined until they could be verified with Mr B. I think that was reasonable.

Sainsbury's Bank's approach is generally to send a text message to the customer to verify a transaction which has been flagged. I find that Sainsbury's Bank sent a text message to Mr B on 14 March 2024. I'm satisfied that it used the correct contact number as Mr B responded. Unfortunately, the transaction was then declined again. I'm satisfied that Sainsbury's Bank sent a further text message and followed up with a call, leaving a voicemail. As Sainsbury's Bank didn't hear from Mr B again, the payment remained blocked and the account was flagged. I think that was reasonable. Sainsbury's Bank says that, under its security procedures, it needs to speak to the customer to remove a block. I think that's reasonable and I'm satisfied that Sainsbury's Bank was acting in line with its usual procedures here.

Mr B attempted the payment to M the following week. Sainsbury's Bank says this was declined because his account was still flagged. I think that was reasonable. I find that Sainsbury's Bank didn't send a text message about this transaction. But I don't think it needed to do so as there were outstanding messages to Mr B from the week before, so I think he ought to have known that he needed to call Sainsbury's Bank.

Mr B contacted Sainsbury's Bank using the secure message service. It took Sainsbury's Bank three days to provide a substantive response, which it says is within its expected timescales for this type of message. I can understand it was frustrating for Mr B, but I think it would have been reasonable for him to contact Sainsbury's Bank by telephone in the circumstances, as Sainsbury's Bank requested. Sainsbury's Bank says that, where it has fraud concerns, it needs to discuss the account activity with the customer to ensure the transactions are genuine. It says it can't complete these conversations via the secure message thread and I think that's a reasonable approach.

Mr B has also mentioned a regular payment to A which he says was declined. I haven't seen any details about this, but I note that Mr B decided at that point to close his account.

I appreciate that these issues were all very frustrating for Mr B. Unfortunately, it's in the nature of security checks like these that they can cause inconvenience for customers. But they're in place to protect customers. Here, I find that Sainsbury's Bank was acting in line with the terms and conditions of Mr B's account and I don't think it acted unreasonably. So, I don't think it needs to do anything about this aspect of Mr B's complaint.

Rejection of secure message and other customer service issues

Sainsbury's Bank accepts that Mr B's secure message was rejected due to its message filters. It also accepts that there were errors in the way it handled Mr B's complaint. It offered Mr B compensation of £100 in relation to these issues, which I think is fair. This hasn't been paid yet as Mr B didn't accept the offer.

Mr B is concerned about the reference number used on Sainsbury's Bank's messages, as it isn't his card number. Sainsbury's Bank has explained that it's a number used within the bank to enable it to locate his account and is not the same as Mr B's card number. I think it's understandable that the reference on the message to a "*card ending*" number caused confusion. But I'm satisfied that Sainsbury's Bank didn't make a mistake and I don't think it needs to do anything about this issue.

Mr B is unhappy that he was asked to call Sainsbury's Bank, rather than the bank calling him or contacting him by secure message. Due to the security issues outlined above,

Sainsbury's Bank needed to speak to Mr B by telephone, rather than secure message, in order to complete its checks. Mr B says he wasn't prepared to chase Sainsbury's Bank and waste time on the telephone. But I don't think it was an unreasonable request by Sainsbury's Bank and I'm satisfied that it was in line with the bank's security procedures.

Mr B is also unhappy that he received alerts from Sainsbury's Bank when he neared his credit limit. But I don't think it was unreasonable for Sainsbury's Bank to send alerts.

Overall, I think the £100 which Sainsbury's Bank has already offered is a reasonable amount to reflect the impact of its service errors. So I'm going to direct it to pay this to Mr B now.

Putting things right

For the reasons above, I think Sainsbury's Bank should pay Mr B compensation of £250 in total. This is broken down as £150 for the issues around the credit limit application and £100 for the customer service issues.

My final decision

For the reasons above, I uphold this complaint. Sainsbury's Bank Plc should pay compensation of £250 to Mr B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 April 2025.

Katy Kidd
Ombudsman