

The complaint

Mr X complains that Sainsbury's Bank Plc didn't agree to place his credit card account on hold, and that it failed to respond to correspondence.

What happened

Mr X holds a credit card account with Sainsbury's. In August 2023, he wrote to Sainsbury's to inform it that he'd been remanded in custody with no expected release date. He asked that his account be frozen and that no interest or charges be applied until further notice. He said he intended to make a payment on the account as soon as possible.

A professional representative wrote to Sainsbury's on behalf of Mr X in September 2023, outlining the same information and providing a copy of Mr X's authority to discuss the account. The representative asked that correspondence be sent through its office.

As no payments had been made on the account, Sainsbury's issued a notice of default to Mr X's registered address on 25 January 2024 – requiring him to repay the arrears of £311.07 by 22 February 2024. As no payment was received, a default was registered and the agreement was terminated.

Mr X raised a complaint with Sainsbury's, as it hadn't responded to his request to freeze the account. He asked Sainsbury's to remove the default it had applied to his credit file. Sainsbury's apologised for not responding to his correspondence, and applied a £25 credit to the account to recognise any inconvenience caused. It agreed to refund any interest and late fees applied from July to December 2023, and added a permanent waiver to the account to prevent interest and charges being applied in future. It said it couldn't remove the default, as it had been applied correctly.

Still unhappy, Mr X referred his complaint to this service. One of our Investigators considered the complaint and thought Sainsbury's had done enough to put things right. They said that – excluding Mr X's letter of August 2023 – Sainsbury's had responded appropriately to his correspondence. Mr X didn't agree. He said Sainsbury's had failed to respond to any of his correspondence, including a request to update his registered address. Because the matter couldn't be resolved informally, it's been passed to me to decide.

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 can appreciate why Mr X is unhappy with Sainsbury's handling of the situation, and I understand it isn't easy for him to correspond with Sainsbury's or to manage his affairs. I've considered whether Sainsbury's took appropriate steps to ensure it treated Mr X fairly after it was made aware of his circumstances.

Mr X has asked that Sainsbury's place his account on hold and remove any default sums. When a customer informs a lender that they'll have difficulty making repayments due to a

change in circumstances, I'd expect the lender to take that into account and take steps to treat its customer fairly. There are several different approaches lenders can take to this, and there's no set action that Sainsbury's is required to take.

In this case, Sainsbury's agreed to place a permanent waiver on interest and charges on Mr X's account. I think this was a fair step to take, and ensured that the balance on the account didn't continue to grow while Mr X was unable to pay. Because Mr X wasn't making the required payments each month, Sainsbury's registered a default. I can see the default notice was sent to Mr X's registered address – so he didn't see it at the time. At that time, Mr X hadn't asked Sainsbury's to change the address registered on his account. And since Mr X has said he wasn't able to make any payments on the account, I don't think it's likely he'd have been in a different situation even if he'd seen the default notice at the time.

I understand Mr X finds it unfair that Sainsbury's registered a default, given his circumstances. But Sainsbury's is required to report true and accurate information to credit reference agencies about how Mr X manages his account. I'm satisfied it did so by registering a default – as it was clear Mr X wasn't in a position to make the required payments on the agreement and that this was unlikely to change in the near future.

It's not in dispute that Sainsbury's could have placed Mr X's account on hold earlier than it did. But I'm satisfied it put things right by agreeing to refund all interest and charges on the account from July to December 2023, and waiving interest and charges from that point onwards. This is what it would have done had it acted on Mr X's request when he first got in touch. So, I don't think Mr X was significantly impacted by this delay, and I think Sainsbury's offer of £25 is a fair one.

I've also considered Mr X's concern that Sainsbury's didn't respond to his correspondence. Sainsbury's accepts that it didn't respond to Mr X's initial letter of August 2023. Since then, I can see Sainsbury's has sent correspondence to the professional representative appointed by Mr X – including its response to his complaint. Other correspondence such as statements and statutory notices were sent to the address registered to Mr X's account. As Mr X didn't ask Sainsbury's to contact him at a different address or remove his registered address from the account, I'm satisfied it made reasonable attempts to correspond with him.

Although a different third party has written to Sainsbury's to provide Mr X's updated address, I can't see that this request came from either Mr X or someone authorised to make changes to his account. So Sainsbury's didn't respond to that correspondence. If Mr X would like to update his details with Sainsbury's or change the address registered to his account, he can either let it know himself or authorise a third party to do so on his behalf.

Summary

For the reasons explained above, I don't find that Sainsbury's made an error when registering a default to Mr X's account. Although Sainsbury's failed to act on Mr X's initial correspondence, I think it acted fairly by backdating its decision to waive interest and charges and by paying Mr X £25. I'm also satisfied that Sainsbury's has corresponded with Mr X and his professional representative using the contact details it holds. So I don't require Sainsbury's to do anything further.

My final decision

My final decision is that I don't uphold Mr X's complaint about Sainsbury's Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 10 April 2025.

Stephen Billings
Ombudsman