

The complaint

Mrs B is a sole trader. She complains that Zempler Bank Limited (trading as Cashplus) behaved unreasonably as it didn't undertake affordability checks when she applied for a business credit card.

What happened

Mrs B told us:

- In February 2022 she applied for a Cashplus sole trader credit card and was given a limit of £800.
- She was struggling financially at the time and was overdrawn by around £7,000 and nearing her limits on her other credit cards. This would have been visible on her credit file when she applied for the credit card.
- She was experiencing difficult personal circumstances at the time of the credit card application, and her bank statements showed evidence of compulsive gambling.
- She doesn't feel Cashplus undertook sufficient affordability checks before lending to her and she feels it lent irresponsibly.
- Cashplus says that she applied as a limited company, rather than a sole trader, so it unfairly refused to investigate her complaint about irresponsible lending.

Zempler told us:

- It had completed lending and affordability checks before providing Mrs B with the agreed £800. It was satisfied that the limit had been affordable based on her circumstances at the time.
- It had systems in place to support customers in financial difficulty, however Mrs B hadn't received any late payment fees on her account, neither had she contacted it to say that she was in financial difficulty. It had provided Mrs B with details of its Credit Management Team when responding to her complaint.
- In error it had told Mrs B that she had applied in the name of a limited company when making the credit application, and therefore there would be no impact on her personal credit file if payments were missed. However, this was an error and the credit limit had been provided to Mrs B as a sole trader and therefore her personal credit file would be impacted from any missed payments.

Our investigator recommended the complaint be upheld in part. She was satisfied that Cashplus had carried out reasonable and proportionate credit and affordability checks when Mrs B had applied for the credit card. And that these were completed for the business as a

sole trader, rather than limited company. The investigator said that Cashplus wasn't expected to monitor Mrs B's spending on the account, and that it wouldn't have automatically had access to her bank statements, or known about her vulnerabilities unless she made it aware.

However, the investigator thought Mrs B had been incorrectly noted as a limited company on Cashplus's system. She also noted that Mrs B had missed multiple repayments within a year, and thought that Cashplus ought reasonably to have identified that Mrs B was in financial difficulty and provided support. So, she thought Cashplus should remove the interest and charges on Mrs B's account and look to provide a suitable repayment plan. She also thought Cashplus should pay Mrs B £100 compensation for distress and inconvenience, as it had continually told Mrs B that she'd applied as a limited company and wouldn't accept that she was a sole trader.

Mrs B didn't agree with the investigator's opinion and maintained that Cashplus hadn't undertaken sufficient affordability checks before lending to her. Cashplus agreed that it would pay compensation for the error in telling Mrs B that the lending had been provided to a limited company. However, it didn't agree that it should refund the interest on the account as it said Mrs B hadn't missed any repayments as these had been made by card when the direct debits hadn't been made. As an agreement couldn't be reached, the case was passed to me to decide.

I issued a provisional decision on 13 March 2025. I said the following:

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

Having done so, my provisional view is that Cashplus should pay Mrs B £150 for the distress and inconvenience it caused by giving incorrect information about the type of entity it had lent to and the impact on her credit score. I also think Cashplus should refund any interest and charges applied to Mrs B's account from 1 November 2023 only. I'll explain why.

Mrs B told us that she doesn't think that Cashplus carried out sufficient checks to ensure that the £800 credit limit was affordable for her, but I don't agree. I say that because Cashplus has told us that at the time Mrs B made the application, she had a good credit score, credit history and payment history with all but one of her agreements up to date. It has provided evidence that it assessed Mrs B's affordability, and based on the figures she had provided it estimated that Mrs B would have sufficient income to make the repayments on a limit of £800. I can see that Cashplus used a lower income figure than Mrs B had given as a basis for its calculations, and also took into consideration Mrs B's outgoing's at that time, including the one account that was in a payment arrangement. So, I'm satisfied that Cashplus did undertake reasonable checks before lending to Mrs B.

I acknowledge Mrs B's comments regarding what her bank statements would have shown and the other credit she had applied for at the time. However, Cashplus wasn't obligated to obtain bank statements if it believed the information it obtained from Mrs B and its own checks were satisfactory. As it was the first of the credit facilities that Mrs B applied for around the same time, it wouldn't have had sight of the multiple applications that Mrs B had made, or been able to take these into consideration. Furthermore, whilst there was evidence on Mrs B's credit file of historic payday borrowing and arrangements to pay, these had been settled and wouldn't have automatically meant that Cashplus shouldn't have lent to Mrs B. So, I'm not persuaded that Cashplus lent to Mrs B irresponsibly here.

However, Cashplus told us that it wasn't aware that Mrs B was experiencing financial difficulty when she didn't make her direct debit payments in March, October and November 2023 and April 2024. It says that Mrs B's payments were made by an alternative method and therefore her account didn't show as having missed a payment. But I don't think Cashplus has behaved fairly here. I say that because, even if the missed direct debit payment in March 2023 and October 2023 weren't as a result of Mrs B's financial difficulty, by the time there were two consecutive missed direct debits in October and November 2023, I think Cashplus ought reasonably to have contacted Mrs B to see if there was a problem. Or at least undertaken an updated credit check – which it said was part of its process to ensure that ongoing lending was sustainable. Particularly as it appears that the months where Mrs B missed her direct debit payments, these had to be referred for a manual payment to be taken from her alternative payment details.

Had Cashplus undertaken further checks on 1 November 2023, I think it's likely that the lender would have identified that Mrs B was vulnerable and in need of support. I think it's also likely that the lender would have identified that Mrs B's repayments were no longer affordable and that she was struggling to meet the ongoing interest charges. As Mrs B has had the benefit of the funds that she's spent, I think it's fair that she repays the capital that she has used. I also think that it's fair that Mrs B pay the interest applied to the account prior to 1 November 2023. I say that because I don't think Cashplus would reasonably have been aware that Mrs B was in financial difficulty prior to this, given that five months had passed between the missed payments. And I haven't seen any evidence that Mrs B contacted Cashplus at that time to say that she was struggling, which would have given the lender the opportunity to address this.

However, as I think that Cashplus should have identified Mrs B was in financial difficulty when she missed two consecutive direct debit repayments, it follows that I think the lender should refund any interest and charges applied to Mrs B's account from 1 November 2023 onwards. And I think that the refund should be credited back to Mrs B's account to reduce the outstanding balance. I can see that Mrs B has told Cashplus that she is in financial difficulty, and it has agreed a repayment plan with her. She should continue to discuss her circumstances with the lender as it should treat her positively and sympathetically as she's in financial difficulty and it is aware of her vulnerability.

Mrs B is frustrated that Cashplus wouldn't allow her to raise a complaint as it said the agreement had been taken out by a limited company. I'm sorry to disappoint Mrs B, but complaint handling isn't an activity that we cover so I am unable to make an award for the inconvenience this caused her. However, I can see that Mrs B was repeatedly given incorrect information by the lender about the impact on her personal credit file and received a lack of assistance from Cashplus on each occasion that she attempted to discuss her financial difficulties with the lender. Cashplus has accepted that it made an error, and that compensation is warranted for this, and it accepted our investigators recommendation that it pay £100 compensation. However, I'm not persuaded that's enough for the repeated errors and distress caused to Mrs B, therefore, I think that Cashplus should pay Mrs B £150 compensation for the distress and inconvenience caused, rather than the £100 recommended by our investigator.

I invited Mrs B and Cashplus to give me any more evidence and information they wanted me to consider before issuing my final decision. Cashplus accepted the decision and had nothing further to add. Mrs B didn't accept the decision and said in summary that:

- She didn't think it was fair that I couldn't award compensation for complaint handling given that Cashplus wouldn't raise a complaint for her and refused to listen, which had caused her inconvenience.
- She'd contacted Cashplus in May 2022 to make it aware she was struggling, so she thought Cashplus should refund the interest and charges from this date.

I issued a further provisional decision on 13 March 2025 and said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've come to the same conclusion as I did in my first provisional decision, but I think Cashplus need to do more to put things right.

Mrs B has provided evidence showing that she contacted Cashplus on 26 May 2022 to say that she was struggling and needed support from the lender. I've also seen that the messages from Mrs B were acknowledged by Cashplus, so I'm satisfied that these were received. However, I can't see that Cashplus contacted Mrs B or put anything in place to support her. Cashplus have now confirmed that due to an administration error, no action was taken when Mrs B contacted it.

Given that Cashplus has an obligation as a regulated business to support vulnerable customers and those in financial difficulty, and it didn't do that here, I think that Cashplus should refund any interest and charges from the date that Mrs B made it aware of her difficulties. As Cashplus took this action to support Mrs B when she brought her complaint to our service, I think it's reasonable to think that it would likely have taken this action at the point Mrs B contacted it – had the administration error not occurred.

I can see that Mrs B had asked Cashplus for support at a time that was clearly difficult for her, both financially and emotionally, but received no action from the lender. Therefore, I think Cashplus should pay Mrs B £250 compensation for the distress and inconvenience its poor service caused.

I invited Mrs B and Cashplus to give me any more evidence and information they wanted me to consider before issuing my final decision. Both Mrs B and Cashplus accepted the decision and had nothing further to add.

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.

Having done so, as both parties have responded to say they accepted the decision of 13 March 2025 and have nothing further to add, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision of 13 March 2025.

My final decision

My final decision is that Zempler Bank Limited (trading as Cashplus) should do the following:

- Refund all interest and charges applied to Mrs B's account from 26 May 2022 back to her account.

- Pay Mrs B £250 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 17 April 2025.

Jenny Lomax
Ombudsman