

## **The complaint**

Mr N has complained that Sainsbury's Bank Plc acted irresponsibly when it provided him with two separate personal loans in 2022.

## **Background**

Mr N has explained that he has a compulsive gambling problem. He says that the loans taken out with Sainsbury's were used to gamble and that had the bank completed proper checks at the time he applied it would have realised that he would be unable to repay them and that he was financially vulnerable. He's asked that Sainsbury's write off the remainder of the debt he owes it, remove all evidence of the loans from his credit file and pay him £1,500 compensation for the distress and upset caused by giving him access to funds to gamble with.

Sainsbury's has accepted that it wasn't appropriate to provide the loans to Mr N and since he brought his complaint to this service it has offered to refund all the interest and charges from loan one, which was for £15,000 and write off the balance of loan two, which was for £25,000. It has said that once the outstanding balance on loan one is repaid in full it will also remove all markers linked to it from Mr N's credit file. When it writes off the balance of loan two it will also remove any markers associated with it from his credit file.

One of our investigators already considered the circumstances of Mr N's complaint and found that the offer to settle the complaint made by Sainsbury's was fair. So, she didn't think it needed to do any more and didn't ask the bank to pay Mr N further compensation on top of what it had already offered to do.

Mr N disagreed with the investigator and repeated that he believed Sainsbury's should pay him additional compensation as well as writing off the outstanding balance of loan two. He said that as a result of his compulsive gambling he now found himself in a very difficult position financially and the additional payment of compensation would allow him to repay other debts he had and get support for his addiction.

As Mr N didn't accept the findings of the investigator he asked for an ombudsman to review his complaint again and so it's been passed to me for consideration.

## **My findings**

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 agree with our investigator and believe the offer made by Sainsbury's in relation to Mr N's complaint is fair and reasonable under the circumstances so I'm not going to ask it to do anymore. I know this will come as a disappointment for Mr N so I've set out my reasons below.

I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution

service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance, and good industry practice – is set out on our website.

As Sainsbury's accepts that it shouldn't have provided Mr N with the loans I won't consider the lending decisions made by the bank as they are no longer being contested. Instead I will focus on why I believe the offer made by the business is fair in this instance.

Generally speaking, in cases involving allegations of inappropriate lending if we found a business had provided someone with credit, they were unable to afford or sustain over the term of the lending we'll ask the business to refund all of the interest and charges associated with the lending. In some instances, if we think it's appropriate we may also ask the business to remove any markers linked to the credit from the person's credit file. We take this approach because it puts the person back in the position they would have been had the lending not taken place. They still need to repay the capital they wouldn't otherwise have had, but they don't need to pay any interest or charges linked to that capital amount as that's not debt they would have incurred if they hadn't been approved for the lending.

Sainsbury's has offered to refund the interest and charges associated with loan one, which is in line with the approach we generally take. It has gone even further and offered to write off the outstanding balance of loan two, which is substantial, and that means Mr N is not being asked to repay the capital amount he borrowed. This goes beyond what we would normally ask a business to do in these sorts of complaints. In addition, the bank has agreed to remove all markers associated with both loans from Mr N's credit file, once the respective balances have been cleared.

I know Mr N feels Sainsbury's should also pay him compensation because of the harm he has experienced as a result of having access to the money he borrowed. However, it would be unreasonable for me to hold Sainsbury's responsible for Mr N's compulsive spending. This purpose of this service isn't to be punitive. We don't 'punish' businesses when things go wrong. Instead we try to find fair outcomes for consumers, and I believe the offer made by Sainsbury's is fair. It has already gone beyond what we would normally expect a business to do and it wouldn't be reasonable for me to ask it to do more in relation to Mr N's complaint.

### **Putting things right**

In order to put things right Sainsbury's Bank Plc should settle Mr N's complaint in line with the offer it made via this service on 29 January 2025.

That means Sainsbury's Bank Plc should:

- Refund all interest and charges associated with loan one.
- Once the balance of loan one has been repaid, Sainsbury's should remove all markers associated with loan one from Mr N's credit file
- Write off the remaining balance of loan two

- Once the balance has been written off Sainsbury's should remove all markers associated with loan two from Mr N's credit file

**My final decision**

Sainsbury's Bank Plc has already made an offer to settle Mr N's complaint, and I think this offer is fair in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 11 June 2025.

Karen Hanlon

**Ombudsman**