

The complaint

Miss T complains that Zempler Bank Limited did not close her credit card account when requested.

What happened

Miss T says she asked Zempler to close her account multiple times, but that, despite it admitting it did not action her request, it never resolved the issues. She says she has chased Zempler 90 times via email and her credit rating has now been impacted. Miss T says she requested the account to be closed to avoid the temptation to use her card due to a gambling addiction and now her credit file has been marked with numerous missed payments.

Zempler says Miss T contacted its Credit Management team to confirm she had settled the balance and to request closure of the account. It says it was unable to process the request as there was a pending transaction and a credit on the account which needed to be refunded. It apologised for not informing Miss T of this and offered her £35, but said the account was now in a “delinquent” status due to missed repayments in August and September 2024. Zempler said it could not close the account as the balance now stood at almost £800 and it hadn’t been made aware of Miss T’s gambling addiction.

Our investigator recommended the complaint should be upheld. He said it would have been reasonable for Zempler to contact Miss T to clarify the status of the account. As it didn’t, our investigator said it should refund interest and charges incurred from 18 July 2024 and removing adverse data reported since that date.

Miss T responded to say, in summary, that if Zempler had closed the account when she’d asked she would not have been able to spend further money and so it would be fair for them to clear the balance from her account. She says she contacted Zempler countless times and explained her addiction to them on the phone, not long after the account was opened. Miss T added that Zempler has now defaulted her account.

Zempler responded to say that it did not agree to refund the charges or amend the credit file. It said Miss T clearly utilised the funds and would have known she would incur interest by doing so. However, it did agree to remove the default pending the outcome of this decision.

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 see from Miss T's account statement that she paid £778 into her credit card account on 10 July 2024. This left her with a credit balance of £11.58. She called Zempler the following day and requested a refund of the account credit and the closure of her account. Zempler said it would call her back and take her account details from her to action the refund. In the meantime, Zempler's contact notes say that a ticket was raised for the closure of the account.

Miss T says that when she didn't hear anything she spent a small amount to bring the balance closer to zero in the hope that would hasten the account closure. However, the contact notes from 18 July 2024 say this transaction is pending and is another reason it can't close the account. It does acknowledge that a call back to Miss T is also still pending, but the account remained open.

Subsequently, Miss T made a number of gambling transactions between 11 August and 13 August 2024 and has now said she wanted the account closed due to her addiction. I acknowledge that Miss T said she told Zempler about her addiction in a call soon after she opened her account, but Zempler says it has never received any such information. I have also listened to a call in May 2024 in which Miss T was asked whether she had any gambling expenditure, and she said she didn't. So, I'm satisfied that Zempler was not aware of Miss T's addiction at the time she requested for her account to be closed.

That said, if Zempler had closed the account when requested, Miss T would not have been able to make further transactions in August 2024. I understand that Miss T thinks this expenditure should be refunded on that basis, but I can't agree that is a fair resolution to this complaint. I say that because Miss T has had the benefit of the money and, for example, had the money been spent on goods, or a holiday, rather than gambling, then it would not be reasonable for her to be refunded when she still has the items she bought.

However, Miss T is correct when she says that this service strives to put a consumer back into the position in which they would have been had the mistake not happened. Zempler has acknowledged it should have contacted Miss T about closing the account and, had it done so, I find the account would have been closed following Miss T's small purchase on 18 July 2024. I do not consider it fair for Zempler to refund the capital transactions for the reasons outlined above, but had Zempler closed the account, Miss T would not have incurred any further interest or charges.

So, I find that a reasonable outcome would be for Zempler to refund those charges and contact Miss T to arrange a mutually agreeable repayment plan for the outstanding balance. It should also ensure that the credit reference agencies are not reporting any adverse information after 18 July 2024 with respect to those transactions.

My final decision

My decision is that I uphold this complaint. Zempler Bank Limited should close Miss T's account, refund any interest and charges incurred after 18 July 2024 and set up an affordable repayment plan for the outstanding balance. It should also remove any adverse information that it reported to the credit reference agencies after 18 July 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 18 July 2025.

Amanda Williams
Ombudsman