

## **The complaint**

Mrs B complains about the administration of her credit card by Sainsbury's Bank Plc.

## **What happened**

Mrs B held a credit card account with Sainsbury's Bank. In 2024, she complained about how the account had been administered; in summary, she was unhappy with how Sainsbury's Bank had managed her reduced repayment plans, that it had then defaulted her account, and that it had given her misleading information on several occasions.

Sainsbury's Bank, in response, acknowledged that some administrative errors had occurred – but, overall, felt the default had been correctly applied to Mrs B's account. Sainsbury's Bank paid Mrs B £500 compensation for issues it had caused through mal-administration of Mrs B's repayment plans. It then followed that up with a further offer of £75 for some confusion around the default.

Mrs B referred the matter to this Service. Her complaint was assigned to one of our Investigators and, during the course of their review, Sainsbury's Bank made a further attempt to resolve things. It acknowledged, overall, that the service it had provided Mrs B had been poor; it realised it had provided inaccurate information on multiple occasions, and it noted how it should've applied a default to Mrs B's credit file earlier than it had. Sainsbury's Bank said it would increase its current offer of £75 compensation by a further £250. It also said it would backdate the default to May 2023 – the point it says it ought to have realised that Mrs B wouldn't be able to repay her arrears.

Our Investigator thought, overall, that the latest offer from Sainsbury's Bank was a fair one; it acknowledged the failings which had occurred, and it put Mrs B back in the position she ought to have been in. Mrs B, though, didn't agree. Largely, that's because Mrs B doesn't consider the level of compensation to go far enough; she highlighted the consistent errors by Sainsbury's Bank and told of the effect to her wellbeing.

As no agreement has been reached, Mrs B's complaint has now 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.

At the outset, given the evolving nature of what's happened here and the multiple responses from Sainsbury's Bank, I think that it's worth setting out the current position – at least as I understand it.

From what I've seen, all parties agree that Sainsbury's Bank made some errors. Sainsbury's Bank doesn't dispute that it poorly administered Mrs B's repayment plans; nor that it ought to have realised, after one such plan, that Mrs B couldn't feasibly repay what she owed or meet the minimum repayments required for her credit card, so the default process should've been followed earlier than it was. Sainsbury's Bank also doesn't contest that it provided unclear and misleading information on several occasions – including in one of its responses to Mrs B's complaint.

With that in mind, I can surely see why Mrs B feels let down here. That said, given none of the above is in dispute, I don't intend to cover it; instead, the purpose of this decision is to determine if Sainsbury's Bank has now done enough to put things right for Mrs B and, on balance, in these circumstances, I think it has.

I say that predominantly because I think the latest resolution tabled by Sainsbury's Bank puts Mrs B in the position that she ought to be in. That is, with a default applied at the point it should've been clear to Sainsbury's Bank that she couldn't clear her arrears and/or maintain repayments on her credit card, and compensation paid for the distress and inconvenience its actions have caused to her.

As I understand it, Mrs B doesn't now challenge the default; but, for completeness, I agree with our Investigator that there's no persuasive evidence which demonstrates it's more likely than not that Mrs B would've been able to clear her arrears and then maintain minimum contractual repayments. After the first reduced repayment plan concluded, there were still significant arrears on Mrs B's credit card – the decision by Sainsbury's Bank to, essentially, repeat that repayment plan for a further six months did nothing to meaningfully address those arrears.

Instead, I think it should've been reasonably clear to Sainsbury's Bank – on conclusion of the first repayment plan – that Mrs B would struggle to repay what she owed, and that defaulting the account at that point in time was likely the fairest action to take, as opposed to repeating a repayment plan which hadn't done much, if anything, to improve the situation. That's now what Sainsbury's Bank has agreed to do and, for the reasons I've explained, I'd certainly consider that appropriate in the circumstances.

In terms of monetary compensation, the "right amount" is, by its very nature, somewhat subjective. Mrs B has told us of the impact to her health, and I don't at all doubt what she's told us; there's no question either that what happened here would've generally been distressing and inconvenient for her. That said, while I certainly don't intend to play down the impact to Mrs B, I think the £325 now on offer is a fair and reasonable amount in the circumstances – particularly keeping in mind the £500 previously paid.

Overall then, in closing, I find that Sainsbury's Bank has now made a fair and reasonable offer to put things right for Mrs B. I'm satisfied the proposed actions put her in the position she should be in and ensure that she's adequately compensated for the impact of Sainsbury's Bank's mistakes.

So, I require Sainsburys Bank to carry out the following in resolution of this complaint:

- Backdate the default on Mrs B's credit file to 31 May 2023, as it's offered to do.
- Pay Mrs B a total of £325 compensation, in addition to the £500 already paid, if it hasn't already done so.

**My final decision**

My final decision is that Sainsbury's Bank Plc has now made an offer which is fair in all the circumstances of Mrs B's complaint. It should now put things right as it's offered to do, which I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 August 2025.

Simon Louth  
**Ombudsman**