

The complaint

Ms T complains about the service she received from Ikano Bank AB (publ) trading as The New Look Card, in relation to a store card account she held with them.

What happened

Ms T held a store card account with Ikano. The card was taken out in 2019 with an initial credit limit of £200. The card allowed Ms T to make purchases from specific retailers up to that limit. It also required her to make at least the minimum payment towards her outstanding balance each month, as set out within the terms of her contract.

In January 2025 Ms T complained. She said a default had been unfairly recorded against her by Ikano. She said she'd stopped making payments in October last year, as she thought her balance should've been cleared by then. And despite receiving text messages stating she owed money, she didn't believe she had an account balance outstanding and thought it was fraudulent of Ikano to keep taking payments. She also complained that she had no access to her accounts online, and she was unhappy with the tone of the arrears communications she received, which she felt were threatening.

Ikano responded to Ms T's complaint. In summary, they explained that it was taking Ms T longer to clear what she owed, as she was only making minimum repayments each month. They said that at the point Ms T cancelled her direct debit, she still had an outstanding balance that required paying, so as a result, arrears began to accrue on her account.

Ikano said they were sorry to hear that Ms T felt their correspondence was threatening, but they were required to send out letters when customers' accounts were in arrears, and these letters needed to include the potential consequences of non-payment. They said they sent several letters, one of which was a default notice requiring Ms T to pay the full arrears by February 2025; but as she'd failed to do so, they were right to default her account when they did, and said they would not be removing this. They also provided Ms T with information as to how she could access her account online.

Unhappy with Ikano's response, Ms T brought her complaint to our service.

An investigator considered Ms T's complaint but didn't recommend it be upheld. He was satisfied Ms T had been sent regular correspondence informing her of the sums owed on her account, and the potential consequences of non-payment. And he didn't think it was unreasonable of Ikano to report a default against Ms T's account in the circumstances, based on her payment history and her failure to comply with the terms of the default notice. He was also satisfied that Ms T had not contested the spending on her account, but when referring to matters being fraudulent, was expressing her dissatisfaction as to how long it was taking to clear her account balance.

But Ms T remained unhappy with the investigator's findings. So, the case has been passed to me, an Ombudsman, 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.

Ms T has told our service that she cancelled her direct debit in October 2024, as she felt that her balance should've been cleared by this point. However, Ms T hasn't provided any evidence to show why she thought the balance had been cleared, or shown copies of any correspondence that might have suggested her balance had been settled. So, it's unclear as to why Ms T thought this was the case, when there was indeed a balance outstanding.

As a result of Ms T stopping her direct debit while an outstanding balance remained, arrears began to accrue on her account. So Ikano, as it was required to, sent Ms T a number of letters. These included a letter in November informing Ms T that her payment had been missed. And this was followed up in December, with a letter informing Ms T her payment was still overdue.

Following a further missed payment in December, another letter was sent, setting out that Ms T was now two payments in arrears, and it explained that failure to bring her account up to date could result in a default notice being issued. A further letter was then sent in late December, explaining to Ms T, that if another payment was missed, Ikano *would* issue a default notice. And if a default was then registered, it would remain on Ms T's account for six years.

Despite the above letters, it seems no further contact or payments were made by Ms T, so, as a result, a default notice was issued in early January 2025, setting out that Ms T must pay the full arrears of £24.99 by 2 February 2025, or a number of things would happen – most importantly, Ikano would notify credit reference agencies that Ms T had defaulted on her account.

Following the numerous letters, and subsequent default notice, no payment was made to Ikano by Ms T. So, Ikano exercised their right to report a default against Ms T's account. I'm satisfied this was not unreasonable, given the clarity of communication from Ikano up until this point, which was sent to her declared address. So, for this reason, I won't be asking Ikano to remove the default.

And while I appreciate the above correspondence did set out the potential consequences of Ms T failing to maintain her repayments, I'm satisfied this is what Ikano was required to do, in accordance with the relevant regulations. And I've seen nothing else within the tone of Ikano's correspondence that I think was in any way threatening in tone.

Ms T also made comments regarding fraud on her account. However, when probed on this matter, Ms T pointed to her thinking that it was fraudulent that despite paying around £3 a month for approximately two years, she still had a balance outstanding with Ikano.

While I appreciate Ms T feels that payments have gone on for some time; and while I caveat this point with the fact that I haven't done a full analysis of the payments and balances on Ms T's account, it might be helpful to highlight that £3 a month, over two years, only amounts to around £72 in total repayments. And during this time, Ms T would be accruing interest on her account each month, meaning that over a two-year period, her balance would likely reduce by less than the £72 that she had approximately paid.

So, while I appreciate Ms T has used the terminology "FRAUD", it seems that she is referring more to her concerns over the pace at which her balance is reducing. Equally, she hasn't contested any of the transactions on her account as being made by someone else. So, I

haven't seen sufficient evidence here, that would warrant me looking any further into any fraud concerns.

Lastly, Ms T raised that she was unable to access her accounts online. I can see that Ikano have now provided Ms T with two separate links. One, with information on how to access her account online. And a further link, that will support her if she is presented with an error code when doing so. If Ms T still has trouble in accessing her account having viewed these links, then she should reach out to Ikano who should provide further support on this matter. While I appreciate this will come as a disappointment to Ms T, for the reasons set out above, I'm satisfied Ikano have acted reasonably in the way in which they have managed Ms T's account, and I won't be instructing them to remove the default in the circumstances.

My final decision

My final decision is that I do not uphold Ms T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 24 September 2025.

Brad McIlquham
Ombudsman