

The complaint

Miss B complains that Sainsbury's Bank Plc unfairly defaulted her loan account.

What happened

Miss B had a loan with Sainsbury's. In July 2024, a Default Notice was issued because of sustained arrears across several months. Following receipt of that notice, Miss B contacted Sainsbury's in an attempt to catch up on arrears. Sainsbury's explained that it could set up an overpayment plan; essentially, an informal arrangement where Miss B made more than the repayment due each month to erode the outstanding arrears. The plan would be reviewed every few months to determine progress, and to assess what was best given Miss B's circumstances at the time was.

Such a plan was agreed in July and, initially, payments were made as agreed, but after a couple of months Miss B's plan was broken. A payment, due on 8 October, wasn't made by that date; Sainsbury's wrote to Miss B asking her to quickly make payment by 24 October, or to urgently get in touch, but she didn't do so. Consequently, Sainsbury's ended the plan and defaulted the account.

Miss B complained, she didn't consider such action to be fair. She said she had eventually made October's payment; it was just later than her payment due date. Moreover, Miss B thought Sainsbury's had failed to take her medical conditions into consideration, something she believed to be a breach of the Equality Act 2010.

In response, Sainsbury's defended its actions. It said, in summary, that it hadn't received either payment or contact from Miss B by the required date in October 2024 for her plan to continue. As such, it had been left with little choice but to end the plan and consider the account in default.

Miss B referred her complaint to this Service; an Investigator here considered what had happened and, having done so, they didn't think the complaint should be upheld. The Investigator said:

- Sainsbury's had set up a payment plan at Miss B's request. At that point, she'd been asked several times whether the proposed overpayments were affordable for her, she'd confirmed they were, and the plan was agreed. Sainsbury's had been clear when setting up the plan that repayments needed to be made by a certain date, on the 8th of each month.
- Miss B hadn't made October's payment by the required date, so Sainsbury's had written to her urgently asking her to do so or to get in touch. Miss B didn't contact Sainsbury's, and while she eventually made the repayment it was past the required date.
- In such circumstances, it wasn't unreasonable of Sainsbury's to have taken action. Miss B's account had been in arrears for several months, and she had then broken

her payment plan.

- There wasn't anything to suggest that Miss B had been treated differently; nothing demonstrated that Sainsbury's actions were motivated by discrimination towards her specifically. In fact, Sainsbury's had treated Miss B empathetically throughout.
- Overall, given the account's state of sustained arrears and Miss B breaking the terms of her payment plan, Sainsbury's hadn't acted unfairly or unreasonably in applying a default when it had.

Miss B disagreed. She largely reiterated her overall complaint points, and she asked for an Ombudsman's decision. As no agreement has been reached, the 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.

Having done so, I'm left in no doubt over Miss B's strength of feeling about what happened. It's certainly clear that this matter means a great deal to her. That said, and while I'm truly sorry to disappoint her, I don't think Miss B's complaint should be upheld. I'll explain why but, in doing so, it's important to say that I've focussed on the crux of the complaint; that means I've kept things concise, and I haven't commented on each and every point raised by Miss B.

Fundamentally, our role is to be informal and my approach here isn't intended as a discourtesy – it's simply to align with our purpose. Additionally, this decision only addresses the scope of the complaint Miss B initially brought to Sainsbury's. Any new events she's unhappy with will need to be dealt with separately, and I cannot comment on them here.

Turning to the merits of Miss B's complaint, I'll start by setting out that the Information Commissioner's Office ("ICO") explains a default can be applied if an account is between three and six months in arrears. Miss B's account met that criteria by the time Sainsbury's applied a default, so I can be satisfied the timing was reasonable. I'll also say that Sainsbury's has a duty to record accurate information with Credit Reference Agencies ("CRAs"); and as frustrated by it as Miss B may be, the information recorded here isn't inaccurate.

The fact is that Miss B's account was in arrears for a sustained period; Sainsbury's arranged a payment plan to try and help, but Miss B didn't stick to the terms of that plan. In such circumstances, I don't consider it unfair or unreasonable of Sainsbury's to have determined the plan to have been broken, nor for it to then take action as set out in its Default Notice.

I know Miss B considers Sainsbury's action to be excessive; she's set out how she did ultimately make the required repayment it was just later than it should've been. But speaking plainly here, Sainsbury's wasn't at all obliged to afford Miss B further time to make her payment; nor, for that matter, to agree a payment plan whatsoever. Nonetheless, it did provide forbearance opportunities. From what I've seen, it initially agreed to apply informal holds to Miss B's account when her circumstances first changed, seemingly more than once; it then agreed to a payment plan, and when Miss B missed a payment Sainsbury's wrote to

her and extended the date for that payment. All of which, in my view, demonstrates a willing to assist.

I've not seen anything to suggest that Miss B missing a payment due under her plan was the fault of Sainsbury's – in fact, Miss B acknowledges her payment was late, and apologises for it, in a subsequent phone call to Sainsbury's – and it received no contact from Miss B at the time her payment was due either. Allowing arrears to continue wouldn't have been responsible of Sainsbury's, and I think – given the lack of payment and contact, despite reaching out to Miss B – it had probable cause at the time to believe that was at real risk of occurring.

Looking at how Sainsbury's handled things overall, I do believe it to have treated Miss B empathetically. It listened to her situation and afforded the opportunity to begin repaying arrears through a payment plan; unfortunately, things didn't work out, but I can't fairly say that Sainsbury's didn't provide any prospect of the account being returned to order. I know Miss B says she didn't receive any contact from Sainsbury's when her payment was missed, but there's nothing to suggest that the letter it produced – warning of a missed payment and the need to urgently take action – wasn't sent. From what I've seen, it was correctly addressed. Moreover, as our Investigator has explained, nothing prohibited Sainsbury's from passing Miss B's debt to a collections agent and it didn't need to formally notify her that it was doing so. Overall then, with all of that in mind, I don't find Sainsbury's to have treated Miss B unfairly with regard to her outstanding debt

I noted Miss B's assertion that Sainsbury's has acted in a way which breaches the Equality Act 2010. That's an important point, so I should explain that our Service isn't able to make a finding on whether something constitutes a breach. Ultimately, that's a matter for a court to decide. What I can consider, though, is whether Sainsbury's has treated Miss B fairly – taking into account the law, amongst other things.

Miss B has said she told Sainsbury's about her mental health vulnerabilities before this matter occurred, but internal notes suggest the first record of her divulging anything was around two months after she'd missed the payment due under her payment plan. Nonetheless, even if Sainsbury's was aware of Miss B's situation prior to that point in time, I don't think that it would've changed what happened here. As I've said above, allowing arrears to continue isn't responsible; that's regardless of whether a customer is known to be vulnerable. Moreover, while Miss B says Sainsbury's didn't make reasonable adjustments for her, I've not seen that she shared any particular needs. But in any case, even if she had, considering what Sainsbury's *did* do to support Miss B, I think there's little else it could've done by way of reasonable adjustment.

The staff on the calls I've listened to were both professional and understanding; they checked Miss B was able to communicate with them, and that she understood what they were saying. While there were some questions throughout the calls, which is to be expected, these seem to have been answered to Miss B's satisfaction.

Overall then, having considered Sainsbury's actions in the circumstances, I don't find that Sainsbury's has treated Miss B unfairly here. While I'm truly sorry to hear about the impact to her health, and while I understand her point of view, I don't think Sainsbury's did something wrong. It provided the opportunity for Miss B to avoid default, but it didn't receive repayment when required; it then reasonably decided to act accordingly. The key point to remember is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. For the reasons I've explained, while this will no

doubt disappoint Miss B, I don't consider that to be the case.

My final decision

My final decision is that I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 March 2026.

Simon Louth
Ombudsman