

The complaint

Mr G complains about ONMO Limited's handling of his credit card account.

What happened

In June 2023 Mr G applied for a credit card with ONMO. This application was approved with a credit limit of £500. As I understand it, the credit limit was not subsequently increased.

In February 2024, Mr G entered into a debt management plan (DMP) – via a third party debt charity – under which he offered to repay £1 per month. This offer was accepted by ONMO.

In March 2024, Mr G complained to ONMO about its decision to lend. In May 2024, ONMO issued its final response, in which it did not uphold the complaint.

Unhappy with this, Mr G referred the matter to our service. In August 2024, one of our investigators looked into matters and issued their opinion. In doing so, the investigator said that they did not think ONMO had acted unfairly when it agreed to lend. In short, the investigator was of the view that ONMO conducted reasonable and proportionate checks prior to agreeing to lend and the output from those checks would not have given ONMO cause to conclude the lending would be unaffordable or unsustainable for Mr G.

The investigator went on to say that, although Mr G told our service that he had a gambling problem, ONMO did not know and could not reasonably have known this was the case during their affordability checks. Therefore, the investigator did not uphold the complaint and it was resolved at that stage.

In January 2025, ONMO got in touch with Mr G to enquire as to whether Mr G was still in a DMP, noting that no payments had been to the account since September 2024.

Mr G responded by asking whether there was a way he could set up a Direct Debit, rather than having to make manual card payments. He also asked what the overdue balance was.

ONMO advised Mr G that Direct Debits can only be set up to claim the minimum payment (or full amount) due on the monthly statement. ONMO also confirmed that his outstanding balance was £490.50, with arrears of £185.88. ONMO advised Mr G that it would be able to consider different payment plan options based on his circumstances. An income and expenditure (I&E) form was contained within the email sent to Mr G.

Mr G did not complete the I&E but, in response, he queried whether the account could be reused if the arrears were cleared. ONMO confirmed that Mr G's account was still open and, on repayment of the arrears, he would be able to resume using the credit card.

Mr G offered to clear the arrears via two payments of £90 on 24 January 2024 and 24 February 2024. ONMO advised Mr G that, in order to set up a payment plan, he would need to complete the I&E form which it resent to Mr G. Mr G did not complete the I&E form.

As no further contact was made, ONMO got back in touch with Mr G in February 2025. It explained that it was “*able to look at forbearance options such as breathing space periods and payment plans*” if Mr G was experiencing difficulties meeting the repayments. A further request to complete an I&E was sent at this time. ONMO also advised Mr G that “*as no arrangement was currently in place, [he] may receive regulatory notices and further contact regarding the arrears on the account*” – and that this may lead to the account being defaulted. Mr G was also told that the arrears position will be reflected on his credit file.

Mr G responded to ONMO to advise that he had now cleared the arrears (via three payments made on 18 February 2025) and he said that he would like to set up a Direct Debit to pay the minimum payment going forward. At this point, Mr G was free to start using the credit card again.

In March 2025, Mr G contacted ONMO to query why the card did not work. Mr G was advised that a spending lock had been applied to the account in order to ‘prevent further financial difficulty’. After confirming that Mr G was able to manage his payments going forward, ONMO removed the spending lock and Mr G was, once again, free to continue using the credit card.

In June 2025 Mr G complained to ONMO about its handling of the account. In doing so, Mr G said that after “*payments stopped being made [under the DMP] ONMO failed to contact [him] to offer any support or assistance for a long period of time*”. Mr G went on to say that ONMO acted unfairly by letting him use the account again even though it “*knew that [he] was struggling financially and had previously advised that [he] had a gambling addiction and use the money for this [purpose]*”.

Later that month, ONMO issued its final response in which it did not uphold the complaint. In doing so, ONMO said that it provided “*assistance and support through [its] specialist [teams and] financial reviews were offered to verify affordability when considering payment plans and interest and fees were suppressed whilst your account was in the [DMP]*”. ONMO went on to note that whilst it did apply a spend lock to the account, Mr G’s request this was “*removed but not before a review of the account had taken place which showed...the arrears had been cleared and the minimum payment would be manageable going forward*”.

Unhappy with this, Mr G referred the matter to our service.

The complaint was assigned to one of our investigators and, in October 2025, they issued their opinion. In doing so, the investigator said that ONMO had acted unfairly. In short, the investigator said that “*given what ONMO knew about Mr G’s gambling addiction and that this information had been shared with them by our service, [he didn’t] think it was fair to reactivate Mr G’s account*”. The investigator went on to say that “*ONMO had enough information that Mr G was at higher risk of harm due to the information they held about him*”.

Therefore, the investigator recommended ONMO (amongst other things) rework the account removing all interest, fees and charges that were applied to the account since ONMO allowed Mr G to begin reusing the account on 18 February 2025.

In response, Mr G said that he agreed with the majority of the investigator’s findings. However, he felt that further compensation was due in recognition of the fact that ONMO put him in a worse financial position.

ONMO did not agree with what the investigator had to say. In doing so, it raised a number of points which, whilst I’ve carefully considered, I won’t set out in detail here. But, in short, ONMO said that “*there was no disclosure of financial difficulty due to gambling addiction, and the account showed no evidence that [it] should, or could had been aware*”. With this

being the case, and noting its attempts to support Mr G¹, ONMO did not think it had acted unfairly.

As a result of these responses, the investigator issued a second view in November 2025, however their overall opinion – and reasons for it - remained unchanged.

ONMO still didn't agree and, as an agreement couldn't be reached, the complaint has been passed to me to decide.

Before I proceed, I think it important to set out the scope of this decision. This decision concerns ONMO's actions (or inactions) since our service completed its previous investigation into Mr G's complaint about ONMO's decision to lend. Therefore, I will make no comment on the initial lending decision and will, instead, focus on events since the previous complaint was resolved in August 2024.

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've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as ONMO, need to abide by.

And, having taken all of this into account along with everything else I need to consider, I think that this complaint should be upheld for much the same reasons as the investigator. I'll explain why I think this is a fair outcome in the circumstances.

However, before I do, it is clear both parties have strong feelings about this complaint. They have both provided detailed submissions in support of their respective views which I can confirm I've read and considered in their entirety. However, I trust that both parties will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn't to address every point raised. The purpose of my decision is to set out my conclusions and reasons for reaching them. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've based my decision on the balance of probabilities.

Did ONMO act fairly once payments stopped being made to the account in September 2024?

In his complaint to ONMO, Mr G alleged that it failed to offer appropriate support and assistance once payments stopped being made under the DMP in September 2024. In considering this point, I will focus on events between September 2024 (when payments

¹ Here ONMO raises several factors; 1) it did not provide a credit limit increase, 2) the card cannot be used to support gambling transactions, 3) interest and fees were suppressed whilst the DMP was in place and 4) a spend lock was placed on the account to prevent further financial difficulty and was only removed once Mr G had brought the account back up to date.

stopped and the account was unused) and February 2025 (when Mr G cleared the arrears and was able to use the credit card again).

When considering ONMO's treatment of Mr G, I've had regard to its regulatory obligations under 7.3.2, 7.3.4 and 7.3.5 of CONC, amongst other things.

As I've set out in the prior section, from what I'm able to see, Mr G entered into a DMP with a third-party debt charity in early 2024. Under the DMP Mr G was making nominal payments to the account. However, in September 2024, these payments stopped.

However, it was not until January 2025 - some four months later - that ONMO got in touch with Mr G to query this. I am unclear why it took ONMO so long to reach out to Mr G.

I do think ONMO could have entered into discussions with Mr G about how his account might be managed going forward, given his personal and financial position, sooner than it did. But I don't think that this in itself warrants the making of any award by me in favour of Mr G.

I say this because, regardless of the reason for the delay, I am not persuaded Mr G necessarily lost out as a result. After all, during this period he did not, as I understand it, incur any interest, fees and charges on the account as these had been suppressed as a result of the DMP.

And, what's more, when ONMO did get in touch it sought to obtain I&E details from Mr G in order to set up an affordable repayment plan. And, as far as I can see, Mr G did not provide this information. And I think it is unlikely he would have provided this information four months earlier, if ONMO had asked for it. In other words, I am not persuaded that things would have panned out differently – and certainly not in Mr G's favour – had ONMO got in touch sooner than it did.

When ONMO did get in touch with Mr G, it took the steps in-line with its regulatory obligations. CONC 7.3.4 says "*A firm must treat customers in default or in arrears difficulties with forbearance and due consideration.*"

CONC 7.3.5 goes on to say "*Examples of treating a customer with forbearance would include:*

- (1) considering suspending, reducing, waiving or cancelling any further interest or charges...*
- (2) allowing deferment of payment of arrears*
- (3) accepting token payments for a reasonable period of time in order to allow a customer to recover from an unexpected income shock...*
- (4) agreeing a repayment arrangement with the customer that allows the customer a reasonable period of time to repay the debt;*

ONMO had already suspended any further interest and charges (as per CONC 7.3.5(1)) and, by asking Mr G to complete an I&E, it was attempting to set up an affordable repayment arrangement in order to allow Mr G to repay the debt in a reasonable period of time (as per CONC 7.3.5(4)).

So, whilst ONMO could have intervened sooner, I am not persuaded that sooner intervention would have made much of a difference here for the reasons I've explained. And I am satisfied that once ONMO did get in touch, it took appropriate steps to try and support Mr G.

With that being the case, I make no award in respect of this complaint point.

Did ONMO act fairly by allowing Mr G to reuse the account in February 2025?

There is little doubt ONMO was aware Mr G was experiencing financial difficulties and had been for some time. After all, as I've set out above, he had been in a DMP via a third-party debt charity since early 2024 under which he was making nominal payments to the account – and, by February 2025, he had not made any payments to the account for around five months. What's more, he had raised a previous complaint about its decision to lend.

And, whilst ONMO disagrees, I think it ought reasonably to have been on notice that Mr G's financial difficulties were – at least in part – as a result of problem gambling. I say this because Mr G disclosed this information in his previous complaint to our service and this was referenced (and addressed) in the investigator's opinion in August 2024. It was up to ONMO how it chose to record this information, but at the very least what it ought to have done - in my view - is taken it into consideration as part of any decision to allow Mr G to continue using the credit card.

In that context, I think ONMO needed to do more than accept Mr G making three payments in February 2025 to clear the arrears as proof that the lending was sustainable for him going forward.

I accept that ONMO sought to obtain a clearer picture of Mr G's financial situation (with a view to setting up an affordable payment arrangement) by asking him to complete an I&E on several occasions and – in my view - it was right to do so. But, when this information was not forthcoming, I don't think it ought to have enabled Mr G to continue using the credit card.

I say this because, at that stage, I don't think ONMO could satisfy itself that Mr G was in a position to sustainably repay the borrowing and/or that there was not a real risk he would get back into financial difficulties if he did.

After all, as I've said, by February 2025 ONMO had not received any payment from Mr G for around five months. So, I struggle to see how it could be satisfied that three separate payments made in February 2025 - which albeit cleared the arrears - in and of itself meant that the lending was not likely to be problematic for him going forward. I think it needed to gather more information before it could reasonably reach that conclusion.

In conclusion, I think the absence of any understanding of Mr G's financial situation – coupled with what it knew about his prolonged period of payment problems and also what it knew (or ought to have known) about his problem gambling – leads me to conclude that ONMO missed an opportunity to reduce the risk of harm to Mr G when it enabled him to continue using the card once the arrears had been cleared in February 2025.

As the investigator noted, this position is supported by the fact that once Mr G was able to use the card again he almost immediately went over the agreed limit and incurred late payment and overlimit fees as a result. And, as I understand it, no further payments were made towards the account from after April 2025.

With all of that being the case, I do not think that Mr G was in a position to sustainably repay the borrowing in question and, therefore, ONMO acted unfairly when it allowed Mr G to reuse the credit card – and continue to incur interest and charges as a result - from February 2025 onwards.

As a final point, I do not consider this decision to be at odds with our service's previous finding that the initial lending decision was fair as ONMO seems to suggest. I say this noting that Mr G's prior complaint concerned events which occurred some 18 months prior to the events in this case. In that time, ONMO had a reasonable body of evidence to suggest Mr G

was having trouble repaying the lending in question and it was (or ought reasonably to have been) aware that Mr G suffered from problem gambling. Therefore – I think there were additional considerations at play that meant that, whilst the initial lending decision was fair, continuing to provide the credit facility, on the same terms, was not for the reasons I've explained.

So I've turned to look at what ONMO should do to put things right.

Putting things right

It's reasonable for Mr G to repay the capital amount that he borrowed as he had the benefit of that money. But he has paid interest and charges on credit card that shouldn't have been reactivated. So, he has lost out and ONMO must put things right.

However, in the particular circumstances of this complaint, I do not think an additional compensation award is appropriate. I say this because the steps I am directing ONMO to take below has the effect of putting Mr G back in the position he would have been had ONMO not reactivated the account in February 2025. Further, there is an expectation that a consumer mitigates their losses and here I note that Mr G did not engage with ONMO's attempts to complete an I&E which would likely have resulted in the implementation of affordable – and mutually agreeable – payment arrangement.

In summary, I uphold this complaint and, subject to Mr G's acceptance, direct ONMO to:

- Rework the account by removing all interest, fees and charges (not already refunded) that have been applied to the account since 18 February 2025;
- If the rework results in a credit balance, this should be refunded to Mr G along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. ONMO should also remove any adverse information regarding this account applied after 18 February 2025 from Mr G's credit file.
- Or, if an outstanding balance remains once these adjustments have been made ONMO should contact Mr G to arrange a suitable repayment plan. Mr G is encouraged to cooperate with ONMO to reach a suitable agreement for this. ONMO should also remove any adverse information regarding this account applied after 18 February 2025 from Mr G's credit file.

*HM Revenue & Customs requires ONMO to deduct tax from any award of interest. It must give Mr G a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

My final decision

My final decision is that I uphold Mr G's complaint about ONMO Limited and I direct it to settle the complaint in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 May 2026.

Ross Phillips
Ombudsman