

complaint

Miss A says Marks & Spencer Financial Service Plc ("M&S") has charged interest on her credit card unfairly.

background

Miss A took out a charge card in 1987. This was upgraded to a credit card in 2003. In 2015, Miss A started on a debt management plan through StepChange Debt Charity ("StepChange") as she was in financial difficulty. Through her debt management plan, Miss A and M&S agreed monthly amounts that would be paid towards Miss A's debt.

Miss A says that the other businesses she owes money to have taken off the interest and charges applied to her debts, but M&S hasn't. She says that the interest rate being charged is too high and that the charges should've been stopped when she told M&S that she was in financial difficulty. Miss A would like a refund of the interest she's paid.

This complaint was considered by one of our adjudicators who didn't uphold the complaint. Miss A didn't agree with the adjudicator's opinion. So the complaint has been passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I know this will come as a disappointment to Miss A, I've decided not to uphold her complaint – and I'll explain why.

Miss A made M&S aware of her financial position in March 2015. Shortly after this, StepChange got in touch with M&S to arrange an amount that Miss A could afford to pay on a monthly basis. M&S agreed to this plan and, as part of it, stopped Miss A from any further spending on the card while the plan was in place.

The amount that Miss A was paying on a monthly basis was more than the minimum payment she was required to pay. Because of this, M&S continued to charge interest on the account.

M&S wasn't required to stop or reduce interest charges on Miss A's account. But it has told us that if the amount she could've afforded on a monthly basis was less than the minimum payment she had to pay, it would've considered suspending interest.

I can appreciate that Miss A was in a difficult financial situation, and had a number of debts which she needed to make payments towards. But she hasn't told us that the monthly payments to M&S were unaffordable, particularly when considering that the payments Miss A was making were above what she *had* to pay. I've seen copies of an 'income and expenditure' form which Miss A completed. This suggested that after all of her important bills and living costs, Miss A had around £400 left each month. And this £400 was split across the debts that Miss A had to pay, including her debt to M&S.

I've thought carefully about whether M&S has acted fairly towards Miss A. When Miss A called M&S in March 2015 – before StepChange had been in touch – it agreed to accept reduced payments for three months. During this call, M&S also agreed to send Miss A's last payment back to her as she needed the money for other living costs. When StepChange became involved, M&S accepted the payment plan. I note on a couple of occasions that Miss A either missed a payment or paid a reduced amount. But, despite this, M&S continued with the payment plan, and also offered further reductions on monthly payments. It also didn't charge any additional fees for late payment.

So I think M&S has shown understanding of Miss A's circumstances. While it continues to charge Miss A interest, this is in line with its terms and conditions. And although Miss A has said this interest is unfairly high, this is in line with the interest amounts shown on Miss A's statements. Given what I've said above, I don't think M&S has been unreasonable in continuing to charge interest. So I don't think M&S has acted unfairly.

I've thought about all of Miss A's comments. But these don't change my decision.

my final decision

For the reasons I've explained, I don't uphold Miss A's complaint against Marks & Spencer Financial Services Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 July 2017.

Melanie Roberts
ombudsman