

complaint

Mr A complains that Sainsbury's Bank Plc reissued his credit card after a long time of inactivity without carrying out any affordability checks.

background

Mr A says that after a number of years when his credit card was suspended due to him being in a debt management plan (DMP) Sainsbury's Bank reissued his card. He says he received a statement from the account in March 2018 after years of not receiving statements and when he contacted Sainsbury's Bank it agreed to re-issue his card with a £3,000 credit limit without carrying out any checks.

Mr A says that at the time the card was re-issued he was being declined by other lenders including short term debt providers. He says he had a gambling addiction which had caused his financial issues and resulted in him entering into a DMP and as a recovering addict receiving access to new funds was a serious issue.

Sainsbury's Bank says that when a card is re-issued an assessment is completed and that Mr A met the criteria at that time. It says that it was not made aware of Mr A's gambling until after the card had been re-issued and that at that time it completed an income and expenditure assessment. At this time it says it also assigned a zero offer to the account to limit the charges and interest which would be applied.

Our adjudicator did not uphold this complaint. She said that she wouldn't expect Sainsbury's Bank to carry out affordability checks before re-issuing a card. She noted Mr A's comments about his gambling addiction but said he didn't tell Sainsbury's Bank about this until after the card had been re-issued.

Our adjudicator also said that when Mr A discussed his gambling with the bank the adviser sympathised with his situation and referred him to the money management team for assistance. She said that since being made aware of this the bank had carried out an income and expenditure assessment and set up a payment plan.

Mr A did not accept our adjudicator's view. He said that Sainsbury's Bank was aware of his DMP and that payments were made through this. He said he didn't have any contact with his creditors while he was on the DMP.

As part of the DMP Mr A said he wasn't allowed to obtain any credit and so he didn't use his card from 2012 to 2016. He said Sainsbury's Bank shouldn't have then raised his credit limit following the end of the DMP as his credit score was still poor. He reiterated that affordability checks should have taken place before the card was reissued and his credit limit reinstated.

Mr A also reiterated that he hadn't been receiving statements. He said he only received statements on his account up to September 2014 when he moved. He said he didn't receive any statements at his new address until 2018.

my findings

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

Mr A complains that he was provided with a new card on his account without any affordability checks being undertaken despite him not having used the card for many years and him having previously been in a DMP. Mr A has also said that he didn't receive any statements on the account for many years and that the arrival of a statement in March 2018 led him to get the card re-issued.

Mr A explained that he entered into a DMP in 2012 and that this finished in 2016. During this time he didn't contact his creditors and was not able to use his card. I have looked through the statements that have been provided for Mr A's account from September 2014. These show he wasn't using the card and was generally making payments of less than the minimum amount. Interest and charges were not generally applied from October 2014 until March 2016 (although there were some exceptions).

I note Sainsbury's Bank's comments about its credit cards being maintained by a third party in 2016. However as the DMP was in place from 2012 to 2016 I would have expected it to be aware of this. Having looked at the account statements for Mr A it does appear that it was working with Mr A as interest and charges were not being applied in most months despite him not making the minimum required payment. Based on this I find it more likely than not that Sainsbury's Bank was aware of Mr A's DMP and was working with him in regard to this.

In regard to statements I have looked at when the address changed and this was in March 2016. I note Mr A has said he moved before this date but it was his responsibility to inform Sainsbury's Bank about his new address, even if he was making payments through a DMP.

The statements show that Mr A had repaid the card in mid 2016 which was when his DMP came to an end. As Mr A's statements were being sent to his current address from April 2016, I find that he should have been reasonably aware that he had an active account with a £3,100 limit from that time.

I can see Mr A didn't spend on the account until after the March 2018 statement. Mr A has explained that he got his card re-issued at that time and then started using it for gambling.

While I understand why Mr A is upset at the situation he is now in, I don't find I can say that Sainsbury's Bank did anything wrong. I say this because Mr A had a live account with Sainsbury's Bank with an existing credit limit of £3,100. He was being sent statements on this account which clearly showed the limit available.

As this was a re-issue of a card on an existing account on which a credit limit was already in place I cannot say this was providing Mr A with any additional credit at this time. Therefore I wouldn't have expected the affordability checks that would be expected in regard to new credit to have taken place. Mr A's account had not shown any issues in the previous months and was fully paid from mid 2016 therefore I do not find this would have raised concerns.

The information provided shows that Mr A didn't tell Sainsbury's Bank about his gambling until after the card had been re-issued and so I don't find that it can be held responsible for the debt that he accrued.

When Mr A explained his situation to Sainsbury's Bank on a call in April 2018 I find it did treat him sympathetically.

Overall, while I can understand why Mr A is upset by the situation he is in, I do not find that I can uphold this complaint. Given Mr A's situation I would expect Sainsbury's Bank to treat him positively and sympathetically in regard to the repayment of his account.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 April 2019.

Jane Archer
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