

## **complaint**

Mrs T complains that Marks & Spencer Financial Services Plc trading as M&S Bank did not treat her positively and sympathetically when she told it she was in financial difficulties with debt on her credit card account. She believes it misled her about the options available to her. She seeks a refund of interest she has paid on a loan she took out to repay her debt.

## **background**

Mrs T's personal circumstances changed and she was no longer able to meet repayments on her M&S Bank credit card, which was close to its credit limit. She told the bank about her financial difficulties. It put a temporary reduced payment arrangement in place for three months. It charged her interest on the outstanding account during this time. Mrs T then took out the bank's suggested long term, low interest rate loan to pay off the credit card. She made repayments on the loan for about two years until she met further financial difficulty.

Mrs T then complained to the bank that the option to default on the credit card account was not discussed with her. At the time, she thought that this would mean debt collectors at her home. In retrospect, she feels that this would have been a better option. A default on her credit file was of no consequence to her. Her debt would not have been increased by interest charges. The bank disagreed that it did not discuss the options with Mrs T. However, it did refund the interest she was charged during the three months while she considered the loan offer.

The adjudicator did not recommend that this complaint be upheld. He thought that the bank's offer of a low interest loan was a positive and sympathetic response to Mrs T's difficulties. It effectively halved the monthly repayment she would have to make to clear the debt. He thought that the loan was affordable as Mrs T made repayments for almost two years. He thought that the bank was correct to refund the three months' interest charged.

Mrs T disagreed with this view. She said that she met the repayments by prioritising them over other debts. She now feels that she was not offered any alternative to agreeing the loan. She thinks she would have been better off defaulting.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mrs T's complaint relates to what happened when she first told the bank that she was in financial difficulties. I have looked at the bank's records for that time. The bank says it sent her an income and expenditure form to assess her financial situation. This is not on file. Mrs T told the bank that she had three other creditors and had made arrangements to pay for these accounts.

The bank did not direct Mrs T towards debt advice agencies who could have offered impartial advice. But, this was the first time that Mrs T's credit card account had been in arrears. The bank offered her an arrangement to pay for three months, but did not freeze interest, which it later corrected. The bank sent Mrs T an arrears letter which clearly set out the effect of a default on her credit file and the steps the bank would take to recover the debt. The terms and conditions of the bank's loan offer are clear about the repayments and how interest would be charged (front loaded so that any future missed payments would not

incur charges). The terms of the loan put Mrs T in a better financial situation than having the outstanding credit card debt. Mrs T decided at the time that this was the best option for her.

I am satisfied that M&S Bank was positive and sympathetic in its response towards Mrs T when she told it of her financial difficulties. I consider that Mrs T had the information available to make an informed decision about her options. The bank could not reasonably have foreseen that Mrs T would meet future difficulties that would prevent her meeting her repayments. I note that Mrs T is now in contact with debt advice agencies that can help her re-assess her financial situation.

**my final decision**

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

Phillip Berechree  
**ombudsman**