

The complaint

Mr M complains about the way Marks & Spencer Financial Services Plc (M&S) administered his credit card after agreeing a payment plan.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mr M has told us he held an M&S credit card for several years. From 2018 M&S wrote to Mr M about the position of his account and advised it was considered to be in persistent debt. During 2020 M&S sent Mr M letters relating to the position of his account and explained it had been identified as being in persistent debt. In October 2020 Mr M agreed a payment plan to repay the outstanding balance over a four year period. Mr M maintained the payments and was able to clear the remaining balance earlier than planned. Mr M made a payment to clear the balance in full in January 2022.

In November 2022 Mr M contacted M&S to request a replacement credit card. The agent Mr M spoke with said they would order a new card. But when Mr M didn't receive a replacement he called M&S again and was told there was an account block in place. M&S ultimately said the credit card should've been closed when Mr M made the final repayment in January 2022 as he hadn't cleared the outstanding balance within six months of agreeing the payment plan in October 2020. M&S went on to close the account.

Mr M complained and M&S issued a final response on 13 February 2023. M&S confirmed that due to the persistent debt position of Mr M's account it had agreed a payment plan. And M&S said that if the outstanding balance isn't cleared within six months, it will close the credit card once the balance is repaid. However, due to a mistake, the relevant account block wasn't put in place and the credit card remained active on M&S' systems.

M&S apologised and offered Mr M £75 for the distress and inconvenience caused.

Mr M referred his complaint to this service and it was passed to an investigator. They thought M&S had correctly identified Mr M's credit card as being in persistent debt and had followed the relevant regulations when contacting him to discuss repayment options. The investigator thought M&S had dealt with Mr M's complaint fairly and didn't ask it to do anything else.

Findings

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

I've looked at Mr M's case and I think M&S reasonably identified Mr M's credit card as being in a persistent debt position. M&S issued various letters from 2018, ending in Mr M agreeing to a repayment plan in October 2020. Mr M agreed monthly payments that would've repaid the balance in full over a four year period and M&S applied an account block to his credit

card at that time. I'm satisfied M&S reasonably identified Mr M's account as being in persistent debt and agreed a suitable payment plan.

Mr M's explained that when he agreed the plan in October 2020 he wasn't told that he would need to repay the balance within six months for the account to remain open and active. M&S' letters from that time don't mention the six month requirement to clear the balance. I've listened to the call from October 2020 when Mr M set up the payment plan and I didn't hear any mention of the six month threshold either. But the agent Mr M spoke with explained the payment plan needed to be affordable and gave Mr M different options including making repayment over three or four year terms. Mr M said the four year term was the affordable option. So whilst M&S' agent may not have told Mr M he would need to pay the balance in six months to retain the credit card facility, it doesn't appear he was in a position to make repayments at a level that would've done that. Overall I haven't been persuaded that not providing this information at the point of agreeing the payment plan has impacted Mr M.

Mr M made a payment to clear the balance in full in January 2022. By that point, more than six months had passed. M&S has confirmed that it should have closed Mr M's account at that time. But because the wrong kind of account block was applied in October 2020, the account remained active and reporting on Mr M's credit file.

In November 2022 Mr M was incorrectly told a new card would be ordered. M&S has confirmed this was a mistake by the agent as a result of the wrong block applied to the account. But when Mr M contacted M&S again it advised the account should have been closed and credit card facility withdrawn. I appreciate Mr M was disappointed to find this out, but I'm satisfied that M&S had reasonable grounds to close Mr M's account once the debt was repaid.

Whilst I'm pleased M&S upheld Mr M's complaint, I'm not persuaded it's fully resolved the situation. I've reviewed M&S' file submission in full and can find no reference to M&S amending Mr M's credit file. Given the credit card should have been closed in January 2022 (when the balance was repaid), my view is that M&S should have amended Mr M's credit file to show that as the date the account was settled and closed. It's not accurate to say the account remained active until 2023. So based on the information I've seen so far, I intend to tell M&S to amend Mr M's credit file to reflect a closure and settlement date of January 2022.

I'm not persuaded that £75 fairly reflects the level of distress and inconvenience caused by various issues raised by Mr M. As I've noted above, M&S applied the wrong account block which led to the credit card remaining open for longer than it should have. As a result, Mr M believed he had an active credit card he could call on when required. In November 2022 M&S' agent failed to identify the account status and agreed to send Mr M a new credit card. And it was only when Mr M made contact with M&S again and ultimately complained that his account was fully reviewed and the issues he has experienced were explained. Overall, I don't agree that £75 reflects Mr M's experiences and frustrations. So in addition to amending the settlement date on Mr M's credit file, I also intend to tell M&S to increase its award for the distress and inconvenience caused from £75 to £150. In my view, that more fairly reflects the levels of trouble and upset Mr M experienced.

I invited both parties to respond with any additional comments they wanted to make before I made my final decision. Both parties confirmed they were willing to proceed in line with the revised settlement.

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.

As neither party has sent me any new information to consider I see no reason to change the conclusions I reached in my provisional decision. I still think Mr M's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr M's complaint and direct Marks & Spencer Financial Services Plc to settle by amending his credit file to reflect a closure and settlement date of January 2022 and pay him a total of £150 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 October 2023.

Marco Manente
Ombudsman