

The complaint

Mr C complains JAJA FINANCE LTD trading as Asda Flexible Payments (JAJA) declined his credit card application.

What happened

Mr C applied for a JAJA credit card as it came with an offer if he used it in a supermarket. JAJA declined the application, and Mr C complained.

JAJA said there was a technical issue with the application and Mr C would need to apply again. Unhappy with this answer, Mr C brought his complaint to this service.

Mr C said, as a pensioner, he lives on a tight budget, but has no debts or adverse information on his credit file. Mr C said other businesses had extended him credit and he felt the decision to decline his application was discriminatory, based on his age.

An investigator looked into Mr C's complaint, and they didn't think JAJA had acted unfairly. The investigator thought JAJA had fully assessed Mr C's application and come to a reasonable decision to decline it.

The investigator said JAJA didn't need to give Mr C the exact reason for the decline, but it would have relied on several factors, including Mr C's credit file.

The investigator didn't think JAJA had discriminated against Mr C.

Mr C didn't agree and explained he poses no credit risk as he's very careful with his budgeting and has no debts. Mr C said he has an impeccable credit record, and sent in information to show this.

Mr C addressed each potential risk point and why the points didn't apply to him. Mr C felt the only reason for the decline was his age as he knows younger people who are given lots of credit, sometimes to their detriment.

Mr C asked for an ombudsman to decide things.

My provisional decision

I disagreed with the investigator's outcome, and issued a provisional decision. In it, I said:

JAJA's explained Mr C failed its internal underwriting criteria. I'd not necessarily expect JAJA to make its underwriting policy public, I think it's reasonable to keep this information confidential.

I asked JAJA to send its underwriting policy to me, to see if it had treated Mr C fairly. JAJA didn't agree to this, but instead said it had a minimum income criterion for its credit cards.

A minimum income requirement is fairly standard for credit cards, so I don't think it's unfair for JAJA to have this requirement. But, I do think JAJA should make this clear during the application process.

Mr C's explained how careful he is with his budget, how he pays off his credit cards in full every month and makes sure other bills are paid on time too. Mr C's very aware of what his income and expenditure is.

I think if JAJA had made it clear, during the application process, it needed a minimum income from Mr C, I'm satisfied Mr C wouldn't have continued with the application.

And, had this happened, Mr C would have avoided the considerable inconvenience he's experienced having been declined. The application was also recorded on Mr C's credit file, and this wouldn't have happened had Mr C not gone ahead with the application.

Mr C's said he feels JAJA's discriminated against him based on his age. Discrimination is covered under the Equality Act 2010 (Act), so I've thought carefully about what this might mean for my decision.

It's not my role to say whether JAJA has breached the Act, because that's a matter for the courts to decide. I've taken the Act into consideration, as it's relevant law, but I must decide whether JAJA's treated Mr C fairly in all the specific circumstances of his complaint.

Having done this, I think JAJA was fair in declining Mr C's application because it didn't meet its minimum income threshold. But I don't think JAJA was fair in not making this threshold clear to Mr C so he could make an informed decision about whether to apply or not.

Because I don't think Mr C would have continued with his application, had he known about the minimum income requirement, I think JAJA should remove any record of Mr C's application from his credit file.

And, because I think Mr C's been caused some distress and inconvenience, because of this declined application, JAJA should pay Mr C £200.

Responses to my provisional decision

JAJA responded to say it accepted my provisional decision.

Mr C responded and made several further points. Mr C agreed he wasn't told about the minimum income threshold.

But Mr C said JAJA lied to him when it told him there was a technical issue with the application. This wasn't true, it was an income threshold, and Mr C didn't feel my ruling or penalty was enough to hold JAJA responsible for this lie.

Mr C also said the investigator covered up the information about an income threshold.

Mr C said JAJA had varied the terms of the application, by having an income threshold it didn't tell him about. Mr C says he applied in good faith, so JAJA should accept his application.

Mr C repeated the fact he has a very good credit score and no missed payments or adverse data. Mr C sent me copies of his credit file and his credit score.

Mr C also still believes JAJA discriminated against him on the basis of his age. Mr C said, leaving aside the minimum income criteria, there was no other reason for declining the credit card.

Mr C said his credit is provably very good, so the only reason JAJA had for declining his credit card is his age.

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.

Mr C says JAJA lied when it said there was a technical issue with his application. I think JAJA should have told Mr C about the minimum income requirement at the point of application and when it sent him a final response letter.

I think JAJA was wrong to tell Mr C there was a technical error with his application, it should have been more honest with Mr C and told him exactly why it declined his application.

But my role isn't to punish JAJA for its mistakes, but to compensate Mr C for the distress and inconvenience he experienced because of any mistakes it made. I don't think it would be fair to increase any compensation payment because Mr C wants JAJA punished.

Mr C says the investigator covered up the existence of a minimum income requirement. The investigator said they felt JAJA had fairly declined Mr C's application, but didn't explain exactly why.

I didn't think this was the right outcome, which is why I provisionally decided things. And this is why there's a two stage process for the merits of Mr C's complaint, he was unhappy with the investigator's outcome and asked for a final decision.

I chose to fully explain the reasons for Mr C's declined application, so I'm satisfied Mr C now knows exactly why he was declined. I don't think I can comment on whether the investigator covered things up, only that I think it's fair Mr C knows the reason for the decline.

Mr C says JAJA varied the terms of its application, so it should assess his application without using the income requirement as he didn't know about it. I don't think this would be the fair thing to do.

JAJA did the wrong thing by not telling Mr C about the income requirement, but that doesn't mean the income requirement isn't there. Having an income requirement for a credit card isn't unusual, so I don't think JAJA's wrong to have it as part of its application process.

And just because JAJA didn't tell Mr C it doesn't mean this check should be disregarded. As a service we aim to place consumers in the position they should have been had a business not made a mistake.

For Mr C this means JAJA should have told him about the income requirement as part of the application process and he could then decide to apply or not.

The ability to make an informed decision was taken away from Mr C. I can't place Mr C back in a position where he can make the informed decision, so I can only say I don't think he would have applied had the income requirement been made clear.

And I think my suggested redress places Mr C back to where he was prior to the application, with no record of the application on his credit file.

Mr C's sent in lots of information about his good credit standing, and I can see he runs his credit accounts very well. But the reason for JAJA declining the credit card wasn't because of poor credit, but because Mr C's income is too low.

Although I've considered Mr C's credit standing when reaching my decision, I don't think it's relevant to JAJA's decision to decline the credit card.

Lastly, Mr C still feels JAJA has discriminated against him due to his age. Mr C says leaving the income requirement aside, the only reason to decline the credit card must be his age.

But I can't leave the income requirement aside, it's the reason JAJA declined his application. Because of this, I don't think JAJA decided to decline the credit card because of Mr C's age, so my thinking on this is unchanged from my provisional decision.

Putting things right

Because I don't think Mr C would have continued with his application, had he known about the minimum income requirement, I think JAJA should remove any record of Mr C's application from his credit file.

And, because I think Mr C's been caused some distress and inconvenience, due to this declined application, JAJA should pay Mr C £200.

My final decision

My final decision is I uphold this complaint and JAJA FINANCE LTD trading as Asda Flexible Payments should:

- remove any record of the application from Mr C's credit file
- pay Mr C £200 to compensate for the distress and inconvenience he's been caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 December 2023.

Chris Russ
Ombudsman