

The complaint

Ms S complains Sainsbury's Bank Plc incorrectly charged her interest on her credit card balance and the information provided on her statements wasn't clear.

What happened

In May 2023 Ms S used her credit card to make some purchases. One of the purchases seemed to attract a promotional offer of 0%. Sainsbury's say Ms S didn't pay the full previous months purchase balance and £4.47 remained outstanding. So the following month she was charged £16.79 interest. Ms S says she was surprised she had been charged interest as the only outstanding balances she had on the credit card were the ones that attracted 0% promotional offers. So she complained to Sainsbury's.

Sainsbury's say, in line with the terms and conditions, Ms S was liable to pay interest on the previous purchase balance because in her June 2023 statement she hadn't paid the previous purchase balance in full. Sainsbury's felt it had correctly applied the interest, but it did refund the interest to Ms S as a gesture of goodwill and also applied a month waiver to prevent Ms S incurring interest the following month.

Ms S remained unhappy, so she referred the complaint to our service. She said the statement was misleading as she thought she had cleared the full purchase balance and the £4.47 that remained attracted no interest as set out in the statement sent to her. Ms S said getting charged the additional interest caused her unnecessary stress.

Our investigator looked at Ms S' complaint and upheld it. They felt the statement was unclear and while Sainsbury's had taken steps to remove the interest, they didn't think it was enough to compensate Ms S for the impact caused by the unclear statement. They asked Sainsbury's to award Ms S £50 to reflect the distress and inconvenience caused to her. Sainsbury's didn't agree and asked for an ombudsman to review the case, so the complaint has been passed to me to make a final decision.

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.

Sainsbury's didn't uphold Ms S's complaint, but it has refunded the interest charges and waived any charges for the following month as a gesture of goodwill – so Ms S hasn't lost out financially.

Sainsbury's didn't think it had acted unreasonably in the way it charged the interest and didn't agree the statement was misleading. But our investigator didn't agree and thought a payment of £50 more fairly reflected how unclear the statements were and the impact of this on Ms S. I agree with the investigator's view that £50 would fairly recognise the impact on Ms S.

I say this because I don't think the statement sent to Ms S are clear. I can see Ms S

consistently cleared her previous purchase balance for many months prior to May 2023. On the statement the only previous purchase balance which seemed to attract an interest payment looks to be £609.88. The balance of £104.33 was described as “Your special promotional rates” and the rate being applied was 0.00% p.a. until 30 August 2023.

Having considered this information I can see why Ms S would have been under the impression that the only balance she needed to clear was the £609.88. And while she paid a larger payment than what was needed to clear this balance this wasn't out of line with how she made payments in previous months, when she would normally clear a larger balance than what would have been needed to clear the previous purchase balance.

I haven't been provided any evidence to show how this particular promotional offer was explained to Ms S and what criteria she would need to meet to be eligible for it. So I'm satisfied that Ms S did find the statements unclear and misleading, it simply said that this purchase attracted a 0% promotional offer. I'm persuaded had Ms S known she would have been charged interest for not clearing the remaining purchase balance she would have done so.

So when she received the following month's statement I can understand why she would have been surprised. She then needed to contact Sainsbury's to rectify the issue. I do think Sainsbury's acted fairly in refunding the interest charges and ensuring she didn't incur any interest the following month. But I also think it's fair to say this caused Ms S a reasonable level of inconvenience, so I feel a payment of £50 more fairly reflects the level of distress and inconvenience caused to Ms S in the circumstances of this complaint. As a result, I'm upholding Ms S' complaint and directing Sainsbury's to pay her £50 compensation.

My final decision

For the reasons mentioned above I uphold Ms S' complaint and direct Sainsbury's Bank Plc to pay Ms S £50 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 4 January 2024.

Jag Dhuphar
Ombudsman