

The complaint

Miss B complains that Tesco Personal Finance PLC trading as Tesco Bank irresponsibly allowed her to open four credit card accounts.

What happened

Miss B says Tesco allowed her to open four credit card accounts from 2014 to 2019 that were unaffordable. She says she was in debt at the time and was spending a significant amount on gambling. The credit cards were used to their limits and she says the lending was irresponsible. Miss B says she was using payday lenders and could only make minimum monthly payments. She would like all interest and charges refunded and interest added to that amount and also asked Tesco to reduce her balance to zero.

Tesco says it has not made a mistake and it correctly assessed each application. It says Miss B applied for the accounts and agreed to the terms and conditions about charges and interest. It also says it will not write off the present balance of about £3,800 and says Miss B's account has an interest free period until August 2021 in any event.

Miss B brought her complaint to us but our investigator didn't uphold it. The investigator thought the applications had been assessed and that Tesco's records said Miss B passed those assessments comfortably. The investigator didn't think there were any issues on Miss B's credit file or anything to suggest she was in financial hardship and thought Miss B made regular payments. The investigator thought Tesco had complied with agreed account terms and conditions and it was up to Miss B if she wished for example to use the account for cash withdrawals.

Miss B doesn't accept that view and says her bank account statements show the extent of her gambling and says her hardship was evident. She says as her borrowing increased then so should Tesco's assessments of her applications and that she exceeded her credit limits on occasions.

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. Having done so, I have come to the same overall view as the investigator. I realise Miss B will be disappointed by my decision.

I have looked at the four applications Miss B made and I'm satisfied, having looked at Tesco's records, that each application was assessed as I would expect. I can see that on each application Miss B's income and main outgoings were looked at and that she passed Tesco's affordability checks. I have also looked at Miss B's credit file and I don't think there is any adverse information recorded on it that would have affected her applications, and can see that throughout the lending period Miss B was in employment.

I have looked at Miss B's credit card account statements and can see that the earlier

accounts were closed with regular payments being made and with no outstanding balances on closure. So I think on balance that suggests the accounts were affordable and that Tesco carried out all reasonable and proportionate checks. I appreciate that there are gambling transactions and cash withdrawals, but I think Miss B is entitled to use her account as she wishes.

I appreciate Miss B says that her gambling and financial hardship would have been obvious by looking at her bank account statements. But I don't think Tesco would have seen those statements and I don't think it would have needed to, as for the reasons I have explained, I'm satisfied it did carry out reasonable checks on the applications.

I'm satisfied Miss B agreed to the account terms and conditions when each account was opened. Those terms and conditions say Tesco will charge interest or fees in certain circumstances. So I don't think Tesco made a mistake or acted unfairly by charging interest or fees where for example, a cash withdrawal was made or if a balance was not repaid in full each month.

Overall I'm satisfied that Tesco carried out proportionate and reasonable assessments of each of Miss B's applications. For that reason I can't fairly order Tesco to refund any interest or charges. If Miss B is in financial difficulties then Tesco ought to deal with her position positively and sympathetically, and I hope she will make contact with it if necessary. I don't think Miss B has told Tesco about any such difficulties in the past or any gambling issues. And so I don't think Tesco would have been aware of any such difficulties, or could offer help in those circumstances.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 July 2020.

David Singh
Ombudsman