

## **The complaint**

Mr W complains about Tesco Personal Finance PLC and their decision to issue him with replacement credit cards despite him asking for a block to be placed on the accounts to prevent him using their limits to fund his gambling addiction.

## **What happened**

Mr W held credit card accounts provided by Tesco. On 28 July 2020, Mr W asked for gambling transactions to be blocked on his accounts. Tesco explained they couldn't apply a block for specific transactions, but they could block the accounts entirely to prevent any further spending. Mr W agreed to this and the accounts were blocked and shortly after, Mr W cleared the balance on his cards.

On 21 October, Mr W called Tesco to ask if he was being provided with new cards as there were new card numbers showing on his statement. And on this call, Mr W explained he'd like the cards activated so he could use them for activities such as day to day shopping. Tesco agreed to re-issue the cards on the same day.

When Mr W received these cards, he used them to make transactions towards a trading account, which I'll refer to as "D". Mr W made transactions worth £4,850 which didn't provide any returns. So, Mr W was left back in the situation where needed to repay his accounts due to his gambling addiction and he was unhappy he'd been allowed to do so. So, he raised a complaint.

Mr W didn't think Tesco had acted fairly by allowing him to unblock his cards when they were aware of his gambling addiction and the block that was in place because of this. He thought Tesco should've done more to protect him from further spending and so, wanted them to refund the payments he'd made to D.

Tesco responded and upheld Mr W's complaint. They agreed they should've done more to support Mr W when he called them, such as referring him to their customer support team to discuss the situation further. They acknowledged they had failed to recognise Mr W was in a vulnerable position and had acted unfairly by allowing him to use his available credit for further gambling and online trading. So, they refunded all of the interest and charges applied to Mr W's accounts such August 2020. And they froze any further interest and charges while Mr W worked with them to repay the remaining balance. They also offered Mr W £150 compensation to recognise the impact this had on his mental health. Mr W remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. She recognised Tesco had accepted they'd acted unfairly. But they didn't think the offer Tesco made was fair. They thought Tesco's error had allowed Mr W to make transactions to D, which had left him with an outstanding balance he needed to pay. So, they thought if the error hadn't been made, Mr W wouldn't have incurred this debt and because of this, they thought Tesco should refund the payments Mr W made to D as well as the offer they'd made in their complaint response.

Mr W accepted this. But Tesco didn't. They didn't think this recommendation fell in line with

our service's usual approach as Mr W had made use of the credit available to him. They explained our service usually states the capital Mr W spent should be repaid but the interest and charges should be refunded. And this is what they had done as well as compensating Mr W for the upset he was caused. So, they didn't think they needed to do anything more. As Tesco didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

It's not in dispute that Tesco made an error when they re-issued the cards to Mr W without recognising or acting upon the information they'd already been told regarding Mr W's gambling addiction. And I've listened to the recording of the conversation held between Mr W and Tesco on 21 October where Mr W very openly discusses the previous block and the reason for this. Mr W also asks on that call if online transactions could be blocked but this question wasn't answered, and the cards were re-issued despite this. So, I'm satisfied Tesco acted both unfairly and unreasonably. As Tesco's failures aren't in dispute, I don't intend to discuss them any further.

### **Putting things right**

Instead, my decision focuses on what I think Tesco should reasonably do to put things right. And to determine this, I've considered the actions Tesco have already taken alongside the impact suffered by Mr W and our service's approach to complaints where compulsive spending and gambling is a factor.

In their complaint response, Tesco agreed to refund the interest and charges applied to Mr W's account, as well as freezing any further interest and charges while Mr W works with their customer support team to agree an affordable repayment plan. And they offered Mr W £150 to recognise their failures had on Mr W and his mental health. So, I've thought about whether this offer is a fair one. And in this situation, I don't think it is.

This is because I think Mr W made Tesco aware in calls held in July, September and in the call in October that he was suffering with a gambling addiction. And on each occasion, Mr W asked Tesco if it was possible for them to block online transactions on the cards, meaning they could only be used for his intended purpose – day to day living expenses such as shopping. On the call held in October, Mr W asked this question. And I think the agent failed to acknowledge or answer this with a reasonable level of care, considering Mr W had made them aware of his gambling addiction earlier in the call. Instead, the agent proceeded to list the cards as stolen and arrange for new cards to be issued, without any blocks in place whatsoever.

So, I think Mr W's requests for his cards to be blocked in a way that prevented him from gambling online were essentially ignored. Because of this, he was given access to a substantial credit limit that he was able to spend investing on trading platforms online despite his significant attempts to prevent him from doing so.

I think if Tesco had acted fairly, Mr W wouldn't have been able to access this credit to spend

on these trading platforms. And I think the difference between this situation and the service's usual approach Tesco has referred to, is the openness of Mr W in declaring his gambling addiction. I think this openness led to Tesco having a much greater knowledge of the risk they were placing Mr W in by issuing the credit cards. So, I think the responsibility Tesco have towards the debt Mr W incurred because of this is increased.

Considering this responsibility, and the acceptance from both parties that if Tesco had acted fairly the cards wouldn't have been re-issued to Mr W to use, I think on this occasion Tesco should refund Mr W all of the payments he made to D from 28 July 2020, when he first made them aware of his gambling addiction. If this refund clears his outstanding balance and leaves an amount outstanding to Mr W, any payment should include 8% statutory from the date the transactions were made to the date of payment.

I'd also expect Tesco to compensate Mr W for any trouble and upset he's been caused. And I do think this situation would've been worrying and upsetting for Mr W as he ended up in a situation he took proactive steps to avoid. Mr W has explained this has impacted his mental health and I don't doubt this is the case. Tesco have offered Mr W £150 to recognise this and I think this offer is a fair one, and in line with what I would've directed had it not already been made.

### **My final decision**

For the reasons outlined above, I uphold Mr W's complaint about Tesco Personal Finance PLC and direct them to take the following action:

- Refund Mr W any payments made to D from 28 July 2020;
- If this clears Mr W's outstanding balance and results in a refund being owed to him, this should include 8% statutory interest from the date of the transaction to the date of payment: and

Pay Mr W £150 to recognise the stress and anxiety he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 March 2022.

Josh Haskey  
**Ombudsman**