

## **The complaint**

Ms K complains that Tesco Personal Finance PLC (Tesco) has registered a late credit card payment with the credit reference agencies. She thinks that this has a disproportionate impact on her credit rating.

## **What happened**

Ms K took out a credit card with Tesco in March 2020. She chose to suppress paper statements on the account, meaning that she would not receive them through the post. Statements were instead available to her online.

Ms K chose to make payments to her credit card by direct debit. In August 2021, she paid off the card balance entirely. At around the same time, her bank cancelled the direct debit to Tesco. That bank does not form part of this complaint. On 16 August 2021, Tesco says that it wrote to Ms K to let her know that the direct debit had been cancelled, and that any payments must be made by another method. Ms K says that she did not receive that letter.

In November 2021, Ms K used her credit card to carry out a balance transfer. This created a balance on the card and meant that payments needed to be made. Ms K says that she assumed that her direct debit was still in place and so took no steps to make payment. Tesco says that it emailed Ms K on 26 November 2021 to let her know that her monthly statement was ready to view. This statement gave a payment date of 20 December 2021.

Ms K says she did not see this statement, or else did not appreciate that she needed to take steps to make payment. No payment was made in December 2021. In January 2022, Ms K says that she received a text message from Tesco telling her that the account was in arrears and made a payment to bring it up to date. No further payments have been missed. The bank has removed any fees in relation to the late payment, but also registered it with the credit reference agencies.

Ms K says that the registration has had a major impact upon her credit rating, and that she has never missed a payment before. She thinks that registration of the late payment in these circumstances is disproportionate. She also notes that Tesco can send text messages to her, but did not send one warning that a late payment fee would be imposed. Tesco says that she is not registered to receive such messages by text and so it cannot send them. Our investigator thought that Tesco had not got anything wrong. They thought that Tesco had sent out the correct information, in the correct form, at each stage, and that it was appropriate to notify the credit reference agencies of the late payment.

Ms K did not agree and so this has come to me for 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.

Tesco could not control the cancellation of the direct debit. That was done by the other bank. While Ms K says that she did not receive Tesco's letter about this, I am satisfied that it was more likely than not sent. The copy that Tesco has provided us was properly addressed to her home address, and was dated correctly. I cannot say why it was not received by Ms K, but I am satisfied that it wasn't because of anything to do with Tesco. It took the proper steps to let Ms K know that the direct debit had been cancelled.

When Ms K made the balance transfer, it meant that payments would again be due on the card. It fell to Ms K to make sure that these were made on time. While I understand that she did not appreciate that she needed to take any steps, I cannot say that this was Tesco's fault.

I say this because Ms K was able to access the relevant information to make her aware of this situation through her statements, which Tesco made available to her online, in line with her instructions. Tesco emailed her when statements were produced. Ms K has not disputed that this was done. Having considered Tesco's system and looked at the statements, I am satisfied that these statements were produced, and email alerts sent. So I'm satisfied that Tesco acted fairly in making her aware of the position of her account and the payments that needed to be made.

I am satisfied that Tesco sent a later text message telling Ms K that a payment had been missed. This led to her bringing her account up to date. But I cannot say that a text before the payment date was something it needed to have done here. While Tesco's online banking and mobile app allowed for reminders to be set up in advance of payments, Ms K had not set these up. Unsolicited texts where there had been no changes on the account could be reasonably thought to be inappropriate. Sending a text when a payment had been missed was a reasonable way of keeping Ms K informed about her account. So while I see Ms K's point, I don't think that Tesco needed to send any further text messages here.

In these circumstances, I don't think it'd be fair to say that Tesco could be held liable for the payment being late here. Having considered the terms and conditions on the account, I can see that there is no grace period for late payments. In the circumstances, the payment was late, and there was nothing in the terms and conditions to suggest that it should not register this with the credit reference agencies.

I can understand Ms K's position. She made payment to bring the account up to date and has no history of missed payments. This was a genuine mistake. But the payment was late, and that was not caused by Tesco. It is reasonable and responsible for Tesco to provide accurate information to the credit reference agencies, and I think that is what it has done here.

While I can certainly understand that Ms K is unhappy with this, I cannot tell Tesco that it should take any further action here.

### **My final decision**

In the circumstances, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 10 November 2022.

Marc Kelly  
**Ombudsman**