

The complaint

Mr B complains about Tesco Personal Finance PLC trading as Tesco Bank ("Tesco Bank") incorrectly informing him that he was eligible for an offer on his credit card account.

What happened

Mr B held a credit card with Tesco Bank and says, during a call with them, he was told he was eligible for an offer of 0% interest on purchases for 12 months. Mr B then received his statement which included interest on purchases he'd made, so he complained. Tesco Bank responded and explained Mr B called them to enquire what offers were available on his account as he'd seen an introductory offer for new customers. Tesco Bank said Mr B queried whether 0% interest was included on purchases but due to a system error they've been unable to listen to this call further and apologise for this. Tesco Bank said standard rates apply on the purchase balance. They explained no interest had been charged at that point, but if the purchase balance wasn't paid in full by the payment due date, then the account would incur interest in line with the terms and conditions of the account. Tesco Bank didn't uphold the complaint but, as a gesture of goodwill, they placed a two-month interest waiver on Mr B's account to allow him time to pay off the purchase balance without incurring interest. Tesco Bank then sent a further response offering Mr B compensation of £60 for the misinformation received. During our investigation, Tesco Bank clarified the £60 offer was made in recognition of the inconvenience caused by the call recording issue.

Our investigator looked into things for Mr B. He thought Tesco Bank hadn't clearly explained the position with purchase interest and recommended they pay Mr B a further £72 to the compensation already offered to bring the total to £132. Mr B agreed but Tesco Bank disagreed so the matter has come 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've decided to uphold the complaint. And, I think the investigator's recommendation here is a fair way to resolve matters.

There's no dispute that, prior to the phone call, interest was charged on Mr B's purchases. The dispute relates to what information Mr B was given during the call. I've listened to the call recording and at the start of the call Mr B asks if the agent can speak with his partner. The agent asks why Mr B is calling and he explains it's to discuss the rate on his credit card as it's different for new customers.

After clearing the security questions, the agent then speaks with Mr B's partner. Mr B's partner explains they're looking to do a balance transfer and the interest rate which applies to Mr B's account is 2.99%. Mr B's partner says, for new customers there's an offer on balance and purchases at 1.99% and asks if Mr B can get a better deal. The agent explains they can't as this is only for new customers. The agent then asks for details of the account they wish to do the balance transfer to and, when Mr B's partner explains it's an account which is also in her name, the agent explains they can't do the transfer. The agent suggests

a money transfer and Mr B's partner asks "*If we did a money transfer, does it still offer the purchase free thing?*" and the agent replies "*I'm sure it does, let me double check but I'm pretty sure it does...*" The agent then explains there would be a 3.99% fee. The agent then places the call on hold but the recording finishes at this point. Tesco Bank say the remainder of the recording was paused and not resumed so they're unable to say what was discussed later in the call.

I can see Tesco Bank refer to Mr B's credit card statements which followed the phone call which refer to interest being charged. I've looked at the statement for July and August and they do say Mr B is required to pay the full balance in order to avoid paying interest on his account. And, the statements also refer to the purchase interest being 1.805%. Tesco Bank say they feel it's very unlikely that they would've said Mr B's purchases were on a 0% interest rate when discussing a money transfer. They say, although they can't evidence what was discussed later in the call, they feel the information relating to the interest was made clear in the statements which followed.

While the call recording isn't complete, I've carefully considered the information I do have and then decided what, more likely than not, I think has happened. The call recording, prior to the point it was paused, shows there was, albeit limited, discussion around the purchase interest. I agree with Tesco Bank the main discussion was around a money transfer but it's clear Mr B's partner asks about the purchase interest during this discussion. It's not fully clear what Mr B's partner meant when they referred to "*...purchase free thing*" but, given what Mr B's partner asks and Mr B's testimony, I don't think it's unreasonable to conclude this referred to purchase interest being 0%. The agent then explains they're sure it does. While I accept the agent then places the call on hold to check this, there's no evidence to show what information they gave when they returned to the call – and importantly, no evidence they corrected the information they'd already given to Mr B's partner. So, in considering the part of the call which is available and I've listened to, I think Mr B was informed he had purchase interest of 0%.

I accept the statements which followed the phone call do set out the position in relation to purchase interest being charged on Mr B's account but they also say "*If you don't pay your balance in full (excluding any balances on a 0% interest rate) by your payment due date, interest will be charged...*" But, given what I've said above about the information given by the agent during the call, I don't think it would've been unreasonable for Mr B to believe the section in brackets relating to balances on 0% interest rate being excluded, applied to his account.

Tesco Bank say Mr B has a purchase balance of £132 and I can see this relates to purchases Mr B made following the phone call but before he found out the correct position in relation to the purchase interest. Tesco Bank offered a two-month interest waiver on Mr B's account to allow him more time to pay off the purchase balance as well as compensation of £60. I understand Tesco Bank say this offer is for the limited call recording available. I can see our investigator has recommended Tesco Bank offer a further £72 to bring the total compensation to £132.

I note our investigator says this will cover the cost of purchases made by Mr B. While I think £132 compensation is fair and reasonable in the circumstances, I wish to clarify, this isn't to provide any direct redress for the purchases made by Mr B. The £132 has been spent by Mr B for goods or services he has received, so I don't think it's fair that Tesco Bank should compensate Mr B for the purchases he has made.

From the information I've seen though, it's clear Mr B was frustrated at receiving incorrect information and upset when being told the correct position in relation to purchase interest. I

think Mr B's frustration was further compound when being told the call recording, which Mr B believes proves his argument, wasn't fully recorded. Taking this all into account, I think £132 compensation is fair and reasonable in the circumstances to reflect the frustration and upset caused to Mr B. I acknowledge Tesco Bank offered a two-month interest waiver on Mr B's account. It's not clear what the present position is and whether the purchase balance has now been cleared and, if not, what interest has generated on the account. But, I've factored this in and think the £132 reasonably takes into account any interest which might've accrued on Mr B's account.

Putting things right

I've taken the view that Tesco Bank provided incorrect information to Mr B. So, in addition to the £60 already offered, they should pay an additional £72 to bring the total compensation to £132 for the frustration and upset caused to Mr B.

My final decision

My final decision is that I uphold the complaint. Tesco Personal Finance PLC trading as Tesco Bank must pay a total amount of £132 as compensation to Mr B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 December 2022.

Paviter Dhaddy
Ombudsman