

The complaint

Mr B complains that Tesco Personal Finance PLC trading as Tesco Bank mis-managed his credit card account.

What happened

Mr B opened his credit card account with Tesco in September 2003. As there were arrears on the account, it was passed over to a debt collection agency in 2006.

In October 2018 the account was passed back to Tesco, who sold the debt on to a third-party debt company in November 2018.

Mr B has explained that he had been seriously unwell and hospitalised in August 2018, so his wife had been dealing with his finances during this period. Mr B says his wife contacted Tesco about his credit card debt – along with all his other creditors, to let it know about Mr B's circumstances. And as they didn't hear further from Tesco, he thought the debt had been written off.

But later Mr B received a letter from the third-party debt company about repayment and he found out his debt with Tesco had been sold on. Mr B also highlighted that he had a monthly direct debit to Tesco from his account, so it was still involved in the management of his account. So, Mr B raised a complaint with Tesco.

Tesco investigated Mr B's complaint. It said it had no record of Mr B's wife contacting it regarding Mr B's health situation in 2018. It explained that Mr B's debt had been passed on to a debt collection agency several years before 2018 so it no longer managed Mr B's account. It added that any contact would've had to have been made directly to the relevant third-party agency. It explained that as the debt had now been sold on it was not able to waive the outstanding amount. It directed Mr B to contact the third-party debt company should he have any issues with repayment.

Mr B brought his complaint to this service as he remained unhappy. An investigator reviewed the complaint and didn't think Tesco had acted unfairly.

Mr B remained unhappy, so the complaint has been passed to an ombudsman 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.

Firstly, I am sorry to hear of the serious health issues Mr B has experienced and the on-going impact these have had on him. I understand the issues with his credit card debt with Tesco has been a source of worry and frustration, at what has already been a challenging time. However, I'm satisfied Tesco hasn't acted unfairly. I'll explain why.

Mr B initially explained that when he was hospitalised his wife contacted Tesco about his repayments. Tesco has checked its records and says there is no record of any contact from Mr B or his wife in 2018. Mr B has later clarified that his wife contacted the debt collection agency who were collecting payments for the outstanding debt on the account. Mr B says he doesn't have details of this agency, and due to the passage of time Tesco has also been unable to provide further details.

Tesco passed Mr B's account on to a debt collection agency in 2006. From this point onwards, I'm satisfied that Mr B's contact should have been with the debt collection agency managing the account. As above, Mr B has now confirmed it was the debt collection agency who his wife contacted. So, I wouldn't have expected Tesco to do anything differently at this time.

Due to the passage of time, there is limited information available to me from before 2018. But from what I've seen Tesco instructed a third-party debt collection agency to recover the debt Mr B owed to it from 2006 onwards. Mr B has provided evidence to show direct debits of £15 a month were being made to Tesco. The information provided from Tesco shows that in 2013 it was agreed £15 a month would be made towards Mr B's outstanding debt. Although the information is limited it suggests that Mr B was dealing with the debt management company at this time and had reached an agreement to make these payments based on his financial situation at the time. While Mr B's dealings during this time would have been with the third-party, Tesco remained the entity Mr B owed the money to. I'm satisfied this explains why the payments Mr B was making were being made to Tesco.

Mr B's account was passed back to Tesco in 2018 and was subsequently sold on. Mr B says he did not receive any information about his debt being sold in November 2018 and he had no contact from this third-party debt company, so he thought the outstanding debt had been written off. It's not clear if Mr B was informed about the changes taking place in November 2018 or why this happened. It's possible that this might have been because Mr B's wife let the debt agency know about his health situation, or because it was unable to recover the debt. I appreciate this was a challenging time for Mr B and his family, but I haven't seen anything to suggest Tesco agreed to write off the debt. Tesco subsequently sold the debt onto a third-party company. The terms of Mr B's account make provision for this, so I'm satisfied that Tesco didn't do anything wrong here. In selling the debt, Mr B now owed the third-party company rather than Tesco.

From November 2018 Tesco was no longer responsible for Mr B's debt, and any issues Mr B has about the communication he received, or lack thereof should be directed to the third-party debt company. In particular, Mr B should raise the concerns he has about his ability to make repayments with the third-party company directly so it can outline his options.

I know this will not be the outcome Mr B was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Tesco to take any action.

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 Mr B to accept or reject my decision before 7 December 2022.

Chandni Green

Ombudsman