

The complaint

Mrs P complains that Tesco Personal Finance PLC trading as Tesco Bank ('Tesco') irresponsibly gave her a credit card account that she couldn't afford.

What happened

On 2 June 2019, Mrs P's credit card was opened by Tesco with an initial credit limit of £1,500. This credit limit was never increased.

In 2022, Mrs P complained to Tesco to say that the account shouldn't have been opened because it wasn't affordable and that Tesco ought to have made a better effort to understand her financial circumstances before opening the credit card.

Our investigator didn't recommend the complaint be upheld. Mrs P didn't agree. So, the complaint has been passed to me to decide.

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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Tesco will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mrs P's complaint is that Tesco made credit available that was unaffordable. Tesco has explained that it relied in part on information that Mrs P provided at the time of application to assess affordability, including her income. They said they carried out a credit search in Mrs P's name to assess Mrs P's level of debt at that time and to understand how she had been managing that debt. With that information and using their own scoring metric, Tesco decided to agree to the credit limit of £1,500. So, there was some assessment of affordability at the time of the lending decision.

The Tesco checks showed that Mrs P had a relatively modest amount of other borrowings compared to her declared income. And the credit check that Tesco performed showed that Mrs P's credit file was very clean at the time of the loan application. When I say this, I mean that Mrs P's management of her existing credit showed no recent history of CCJ's, defaults or any late payments and there was no adverse information on the card within the previous year. So, it seemed from the credit file that at the point that the lending decision was made,

Mrs P was affording her existing credit. And so, Tesco were not put on notice of any reason not to agree the lending from that.

And I have had regard for the information that Mrs P sent us including her full credit file, which supports the information that Tesco sourced at the time it made the lending decision in 2019. I can see that the credit report shows signs of financial difficulty more recently than 2019. But it was clean at the time Tesco made its lending decision. I have to look at the information that was available, or could have been available, to Tesco at the time it made its lending decisions and not to use hindsight. And I have seen insufficient evidence that the other information that Tesco acquired or had presented to it at the time of the lending decision, would have led them to feel they ought to make more searching enquiries of Mrs P's financial situation or would have led them to think that the relatively modest credit they were offering was unreasonable.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Tesco provided to Mrs P was unreasonable.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 1 February 2023.

Douglas Sayers
Ombudsman