

The complaint

Mr C complains that Tesco Personal Finance PLC trading as Tesco Bank (Tesco) didn't support him as a vulnerable customer.

What happened

Mr C had a credit card from Tesco. Between August 2019 and September 2022, the limit was £9,500. In June 2022, he was charged a late payment fee of £12. Between November 2020 and September 2021, he made frequent payments to a third-party content provider (which I shall refer to as A).

Mr C complained. On the late payment fee, he said there had been a refund of £49 paid in and therefore this met the minimum payment amount (£25) needed. He said he told Tesco in 2020 that he was suffering with depression and anxiety and this led to him becoming reliant on spending through A. He said Tesco failed to protect him and increased his limit – and this encouraged his spending even more. He wants a refund of the late payment fee, and an amendment to his credit file. And he also wants an apology from Tesco for their poor treatment of vulnerable customers.

Mr C also complained about a loan of £12,000 that Tesco provided in October 2021. He said this was lent to him irresponsibly. This is dealt with as a separate complaint and doesn't form part of this decision.

Tesco said the late payment fee was applied correctly. Mr C didn't make the minimum payment of £25 by the due date (8 June 2022). However, they refunded the fee of £12 as a gesture of goodwill. Tesco said gambling is allowed on their credit cards. And unless a customer advises them that they have a problem, they don't make assumptions about a person's situation. They rely on customers to make their own decision on how to spend their money. If Mr C had advised them about his spending, they could've put a block on his card - but he hadn't.

Mr C brought his complaint to us. Our investigator said Tesco acted reasonably. The late payment fee was charged correctly as Mr C didn't make the minimum payment in time. And the retailer refund didn't count towards the minimum payment. She couldn't see evidence that Mr C had told Tesco about his mental health issues prior to 2022. There wasn't any evidence of phone contact since 2017. And the transactions to A weren't obvious gambling transactions which Tesco could've recognised as such. So – Tesco couldn't be expected to review Mr C's account or to not allow the transactions.

Mr C didn't agree. He said the onus was on Tesco to retain all calls. He asked that an ombudsman look at his complaint. And so, it has come to me to make 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 looked the late payment fee of £12. This was debited to Mr C's account on 8 June 2022 – when Mr C hadn't made the minimum payment by that date. Mr C argues that a retailer refund of £49 (paid in on 18 May 2022) was the minimum payment. I looked at Tesco's terms and conditions. And these say: "*Refunds to your account don't count towards your minimum payment.*" Therefore – Tesco were correct to charge the late payment fee. But they refunded it anyway as a gesture of goodwill. And Tesco told us that Mr C's credit file wasn't affected – as he made payments of £1,450 into the account on 13 June 2022 – and this was within the period of grace they allow before notifying credit reference agencies. So – on that part of Mr C's complaint, Tesco acted reasonably.

On Mr C's complaints about his spending through A, I can see that Mr C made frequent payments to A between December 2020 and February 2022. He says this happened during a period of depression - when he turned to frequent spending. He says Tesco should've been aware of his situation because he told them about it – and that they should've realised from his spending patterns that something was not right.

I can see there were frequent payments to A between December 2020 and February 2022. These usually ranged between £1.99 and £9.99, with some payments up to £49.99. And they numbered 20 to 30 each month. It's not clear from the payment description what these payments were for - as these were in-app purchases. But looking at Mr C's statements – there was an increased spending pattern with A during that period.

In those circumstances, we must consider whether Mr C's pattern of spending was markedly different to before - or whether it was unusual. And – if there were clear signs of Mr C being unable to control his spending. An important thing to consider here is – were there signs of problems shown in the way his account was being managed. If there were, we might have expected Tesco to be aware of a possible problem and taken some action to support Mr C; for example, putting a block on his card.

I looked at Mr C's statements. And he paid off his account in full each month between August 2019 and February 2021. And then, after that and up to September 2022 – he paid almost all of the balance off each month. And he stayed well within his limit of £9,500. The highest balance I could see was in April 2021 – when it was £5,905. And for most other months, it was well below that figure. So – Mr C maintained his account well. If there had been evidence of financial difficulty – for example, if Mr C went over his limit or couldn't pay the credit card bill regularly - then we would have expected Tesco to have asked further questions of Mr C. That may then have revealed some issues - but there wasn't.

We would expect firms to consider support for vulnerable customers if they were made aware of a customer's situation. So - we asked Tesco whether there had been any contact from Mr C to say he was a vulnerable customer. They couldn't make available any calls before October 2017 – as they haven't retained those. But I don't think that's relevant to Mr C's complaint – as that's before the period in question. Tesco showed us evidence that Mr C didn't contact them between 12 October 2017 and 30 May 2022. So – I don't think it's reasonable to expect Tesco to have known about Mr C's situation if they weren't told about it.

Mr C also said that Tesco increased his limit and this encouraged his spending. I looked at his statements dated between August 2019 and September 2022 - and the limit was £9,500 throughout. So – Tesco didn't increase the limit during the period.

In summary, Tesco were entitled to charge the late payment fee of £12 and refunded it anyway. His credit file wasn't affected. I'm persuaded that Mr C's account didn't appear to

show signs that he was in financial difficulty – which might have caused Tesco to find out further information and take action; and there isn't any evidence to show that Tesco were made aware of Mr C's health issues at the time.

And so, on the balance of the evidence I've reviewed, I think Tesco acted reasonably, and I'm not going to ask them to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 March 2023.

Martin Lord
Ombudsman