

The complaint

Miss W is unhappy about the way that Tesco Personal Finance PLC trading as Tesco Bank (Tesco) has handled the outstanding balance on her credit card account.

Miss W wants Tesco to write the outstanding debt off or pay significantly more compensation than it's offered so far.

What happened

Miss W has an outstanding credit card debt to Tesco of almost £3,400. In 2021, Miss W asked Tesco to write the debt off due to personal circumstances. Miss W expected the debt to be written off by the end of 2021.

Miss W says she received a few letters from Tesco in 2021 and 2022 asking her to call. After calling back, Miss W says Tesco told her it was nothing to worry about so when Tesco wrote again in mid-2022, Miss W didn't contact them.

Miss W then received a letter from Tesco to say that it had passed her account to a third party debt collection company. Miss W says that subsequently the debt collection company harassed her. Miss W explains that due to ill health, she is struggling financially and has found the whole experience very stressful.

Tesco says that in November 2021, it decided not to write off Miss W's debt as it hadn't received the required medical evidence to support the request. Tesco says that due to a system issue, it didn't tell Miss W about its decision until April 2022. And that as Tesco didn't then hear back from Miss W, it passed the debt to a debt collection agency. Tesco offered Miss W £50 to apologise for the delays.

The investigator thought that Tesco should've tried again to contact Miss W before passing on the debt. The investigator recommended that Miss W's complaint be upheld and that Tesco pay a further £50 compensation. The investigator recommended that Miss W speak with Tesco about what further evidence she should provide to support her write off application.

Tesco disagrees with the investigator's recommendation. It says it didn't sell the debt to a third party but instead appointed a debt collection company to act on its behalf. Tesco says that if it hadn't moved the debt to the debt collection company, it would've been contacting Miss W itself. So, Tesco doesn't agree that moving the debt to the debt collection company impacted Miss W. It also doesn't think the correspondence from the debt collection company was threatening.

Miss W explains that the latest debt collection agency told her that in circumstances such as hers, it won't usually try and collect the debt. Miss W says she's not heard anything from the debt collection agency since the end of 2022.

Miss W says her financial situation is very bad, she has rent arrears and is in debt to her energy company. Miss W says the condition of her home affects her and her dependant.

Miss W says that multiple health conditions affect every aspect of her life and that her dependant has additional needs. Miss W is isolated and has no financial support, leaving her with an affected credit score and inability to borrow any money.

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'm very sorry to hear about the difficulties Miss W is facing. My role is to consider whether Tesco has treated her fairly and if it should be required to do more than it already has to put things right.

I've summarised this complaint in less detail than the parties, and I've done so using my own words. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything that both parties have given to me. I should also make it clear that I'm only considering Miss W's complaint as it relates to Tesco and not the third party debt collection companies.

I appreciate that it was upsetting for Miss W to find out that Tesco hadn't written the debt off as she'd hoped. But like the investigator, I consider Tesco's apology for the delay and offer to pay £50 was fair, particularly as Tesco told Miss W that it would consider her write off request if she supplied further evidence.

We have copies of letters that Tesco sent to Miss W in May and August 2021 and June 2022. The letters are very short – just asking Miss W to give Tesco a call when she has a minute. Miss W's evidence is that she contacted Tesco after receiving the letters in 2021 and was told they weren't important and that Tesco just wanted to make sure it could contact her. I've no reason to doubt what Miss W says, so I can appreciate it was a shock when Tesco told her in June 2022 that it had moved the debt to a third party debt collection company.

Although I take Tesco's point that it didn't sell Miss W's debt, I don't think this would've been clear to her. As the investigator said, the very act of moving the debt to a third party led to further anxiety for Miss W. So, I consider it reasonable to require Tesco to pay Miss W an additional £50 on top of the offer it already made.

Miss W says she's not cashed the £50 cheque that Tesco sent her. It's unlikely that Miss W's bank would accept that cheque given the time that has passed. So, if Miss W accepts my decision, she shouldn't attempt to cash the £50 cheque. Tesco will then have to issue her a new payment for £100.

As for Miss W's request to write off the debt, I think it's reasonable that Tesco wants to see evidence of Miss W's diagnosis and prognosis, together with her income and outgoings. I'm grateful to Miss W for providing further information about the health problems that she and her dependant face. Tesco already seems to have some of this evidence but I'm not sure that it has previously seen the evidence relating to Miss W's dependant or the letter from Miss W's hospital dated August 2022. I suggest that Miss W asks Tesco whether this information would be helpful and find out what, if any, further medical information it needs. This may also include information about how Miss W's mental health impacts her ability to keep up with her finances. As the investigator told Miss W, we can forward the information we hold if Miss W asks us to.

Tesco also says that it needs details of Miss W's household income and expenditure rather than any business expenses. I can see that the budget Miss W provided to Tesco in June 2021 is a business and household budget. If Miss W speaks with Tesco, I hope that it can

either supply a suitable form or provide details of what information she should include about her income and expenditure.

I appreciate Miss W might be disappointed that I've not required Tesco to do more at this time but I hope that after providing some further information, a fair and reasonable solution to Miss W's evident financial difficulties can be found.

Putting things right

To put things right, Tesco should pay Miss W a total of £100 which includes the £50 previously offered.

The debt hasn't been sold, so if Miss W prefers to speak with Tesco about what further information it requires, rather than the third party debt collection agency, she should be allowed to do so.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I direct Tesco Personal Finance PLC trading as Tesco Bank to take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 28 April 2023.

Gemma Bowen
Ombudsman