

The complaint

Mr C complains that Tesco Personal Finance PLC trading as Tesco Bank ('Tesco Bank') irresponsibly gave him a credit card that he couldn't afford.

What happened

In January 2011 Mr C applied for a credit card with Tesco Bank. He was given an initial credit limit of £6,300. The credit limit was never increased.

In 2022, Mr C complained to Tesco Bank to say that the credit card shouldn't have been opened for him because it wasn't affordable and that Tesco Bank ought to have made a better effort to understand his financial circumstances before providing him with credit.

Our adjudicator recommended the complaint be upheld. Tesco Bank didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 3 March 2023, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't agree with the adjudicator's view and that it was my intention not to uphold Mr C's complaint. I set out an extract below:

"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 Bank 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.

Mr C's complaint is that Tesco Bank made credit available that was unaffordable. Mr C has told us he enjoyed a good salary. The lending on this card was not insignificant, but not automatically unreasonable in comparison to the income Mr C had, even when added to his other borrowings.

It is not straightforward trying to determine affordability because the events happened so long ago. Tesco Bank told us that they terminated Mr C's account in 2017. They also told us that because of the time since the application in 2011 they have no data about the checks that they completed at the time. And whilst Mr C has been able to provide us with a credit report, there is insufficient evidence in it to tell me how Mr C was managing his finances at the time of the lending decision.

And the bank statements that Mr C has provided may not have been required to be seen by Tesco Bank as part of proportionate checks at the time of the lending. And they do not tell me how Mr C was managing his other credit.

To demonstrate the difficulty in establishing affordability at this remove, I have noted the statement Mr C sent us for a different credit card and slightly after the lending decision was made in this complaint. That shows that his balance largely consisted of a balance transfer that enjoyed a promotional rate of 0%. So, rather than this adding to Mr C's burden of credit, it looks like Mr C was taking steps, that could be termed sensible, to manage his existing debt by taking out that card. I say that because Mr C would have been saving money on interest he would have been paying elsewhere. So, at this remove and with no evidence to confirm the early life of the Tesco Bank credit card, it is not clear that this may not have applied to Mr C's borrowing with Tesco Bank. And so, if this was a pattern of lending behaviour at that time, it might not have been automatically unreasonable for Tesco Bank to have facilitated Mr C in a similar way, if it did.

Mr C has told us about his history with gambling. I have to look at the information that was available to Tesco Bank at the times it made its lending decision and not to use hindsight. I have seen no evidence that Mr C made Tesco Bank aware of his gambling at the time the credit card was applied for which is the period that I am considering. And, as discussed above, the gambling habit had not led Mr C to blemish his credit file at the time he applied for the credit.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from either party to the contrary, I have seen insufficient evidence to think that the credit Tesco Bank provided Mr C was unreasonable.

I have not found sufficient evidence to uphold this complaint."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 17 March 2023. Tesco Bank has not acknowledged the provisional decision, made any further submission or asked for an extension to do so. Mr C was disappointed with the provisional decision and made a further submission.

Mr C asked that I issue a second provisional decision as my next act. It is not for either party in this complaint to dictate the course of the complaint in such a way. Mr C has responded to the provisional decision and I have considered those comments. Having done so, I do not feel they are sufficient to make issuing a final decision unfair. So, I am proceeding to my 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.

Mr C told us he doesn't understand what I meant by reaching a fair outcome in the round. As I say a little earlier in the provisional decision, I comment on what I think is relevant to my determination. That's not necessarily the same as what the parties to the complaint think is relevant. In this case, much of what Mr C submitted after the provisional decision was argumentative and repeated points raised during the course of the complaint.

Mr C questioned my saying his income was good. He confirmed what the income was at that time. I try to avoid using actual data that might undo our attempts to anonymise the consumer in our published decisions. In any event, I consider the income Mr C had at the time of the sale to have been not modest.

Mr C has provided his figures on the unsecured borrowing he held at the time of the lending decision in this case. Our adjudicator explained that his figures were incorrect as some of the borrowings hadn't started at the time of this lending decision. Having thought about all of this again, I still think the Mr C's income and his existing borrowings were not such as to make the new lending automatically unreasonable.

Mr C has named the documents that would have shown his gambling. And Mr C deems any search that didn't look at those documents to be not proportionate. I can see how Mr C might think that argument might help his complaint. But that doesn't make it true. In this case I have seen insufficient evidence that Mr C's circumstances had left adverse markings on his credit history such that Tesco Bank might have been put on notice to make more searching enquiries into Mr C's finances.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Tesco Bank provided Mr C was unreasonable. And I have not found sufficient evidence to uphold this complaint.

My final decision

For the reasons set out, I don't 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 22 May 2023.

Douglas Sayers
Ombudsman