

The complaint

Mrs M complains that Tesco Personal Finance PLC trading as Tesco Bank gave her wrong information about her outstanding balance.

What happened

Mrs M rang Tesco to see what she owed on her account, and she was told by the call handler she had an outstanding balance of £311.97. Mrs M informed the call handler that she had a pending payment that she had made for £53 the week before. She says that the call handler told her that this payment hadn't cleared, and when it did, her outstanding balance would be £258.97. Mrs M made a faster payment for £258.97, but when the payment cleared she had an outstanding balance of £53. Mrs M made a complaint to Tesco.

Tesco upheld Mrs M's complaint and credited £25 to her account. They said she had been provided with misinformation over the phone as her outstanding balance was actually £311.97 at the time of the call and the £53 had cleared to her account prior to the call. Mrs M brought her complaint to our service as she did not feel the compensation awarded was sufficient for the impact this had on her. She wanted an extra £50 compensation and the £53 balance to be written off.

Our investigator upheld Mrs M's complaint. She said Tesco made an error which they've acknowledged, but she didn't feel the compensation offered reflected the distress this caused to Mrs M and this caused her inconvenience. She said Tesco should pay Mrs M a total of £50 (so an extra £25 compensation). Tesco asked for an ombudsman to review the complaint as they said there hadn't been a financial loss to Mrs M, and she hadn't been under any obligation to pay anything further until her following statement, so they were unsure why this would cause significant worry or distress and disagreed a one off error warranted an extra £25 compensation.

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 not persuaded that it would be fair for Tesco to write off the £53 balance that Mrs M has suggested they do as regardless of the error Tesco made, this was money that she legitimately owed them, so it wouldn't be proportionate for me to ask them to write this money off.

Both parties disagree on what is fair compensation for Tesco's error. Tesco feel that as there was no financial loss to Mrs M, that £25 compensation was fair, whereas Mrs M says the error caused her distress and inconvenience and Tesco should pay her an extra £50 to reflect the impact this had on her. Our investigator suggested an extra £25 compensation would be fair to total £50. And I'm persuaded this is proportionate and I'll explain why.

I agree with Tesco that Mrs M did not suffer a financial loss. And I'm also not persuaded there was – as Tesco have put it – significant worry or distress. If there was either of these

things, then the compensation I would award would be higher.

But it's clear to me the impact that the error would have on Mrs M. I say this because it was of importance for her to take time out of her day to ring Tesco to find out the exact balance she owed at that point in time, to make an accurate payment. And while the call handler told her £311.97 was outstanding, Mrs M asked about the payment she made the previous week, so she could make a payment to clear her balance which was important to her to do – otherwise she would have just waited for her statement to make a payment.

But Mrs M was told incorrect information and she acted upon the incorrect information. If the call handler was in any doubt about a pending payment, then they could have sought clarity on this from a colleague, but Mrs M was provided the wrong balance. So it would have been distressing for her to receive her next statement to see a balance of £53 after believing she had already paid this amount. So I'm not persuaded that the £25 that Tesco paid Mrs M is proportionate for what happened here. But I'm also not persuaded that the impact of what happened here warrants the compensation that Mrs M has asked for, as I'm persuaded an extra £25 compensation is the fairest outcome here for the reasons I've already given. So it follows I'll be asking Tesco to put things right for Mrs M.

Putting things right

Our investigator suggested that Tesco pays Mrs M a further £25 to total £50 compensation for distress and inconvenience, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint in part. Tesco Personal Finance PLC trading as Tesco Bank should pay Mrs M a further £25 to total £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 15 September 2023.

Gregory Sloanes
Ombudsman