

## **The complaint**

Mrs S complains that Tesco Personal Finance PLC trading as Tesco Bank applied account restrictions without telling her and declined to reissue a credit card.

## **What happened**

Mrs S opened a credit card with Tesco Bank in 2000. In February 2021 Mrs S contacted Tesco Bank after experiencing financial difficulties. Tesco Bank agreed an interest free arrangement to reduce the payments due. Tesco Bank agreed to accept payments of £50 a month. A further payment arrangement was agreed in May 2021 and Mrs S continued to make payments of £50 a month.

Tesco Bank says that in December 2021 it reviewed Mrs S' credit card account and took the decision to apply a "reissue decline" marker. That meant Tesco Bank wasn't willing to issue a new credit card.

In March 2022 Mrs S made a payment of £1,224 to clear the arrears on the account. From that point, Mrs S made payments that were either equal to or greater than the contractual minimum payment each month.

Last year, Mrs S contacted Tesco Bank and asked it to issue a new credit card so she could start using the account again. But Tesco Bank explained that it had taken the decision not to reissue a credit card and didn't send out a replacement.

Mrs S complained and Tesco Bank issued a final response. Tesco Bank said its decision was taken in line with the credit card's terms and conditions which allow it to restrict access to an account. But Tesco Bank accepted it had failed to notify Mrs S of its decision not to reissue the credit card and paid her £50 to apologise.

An investigator at this service looked at Mrs S' complaint. They thought Tesco Bank had acted in line with the account terms and conditions. But the investigator thought Tesco Bank's payment of £50 in respect of failing to tell Mrs S about its decision to restrict her account should be increased to £200 to reflect the distress and inconvenience caused.

Mrs S confirmed she was willing to accept but Tesco Bank asked to appeal. Tesco Bank said that whilst it didn't write to Mrs S to advise it had applied a reissue decline marker to her account, even if it had it would've been very unlikely that it would've taken the decision to send a new credit card. Tesco Bank didn't agree the increased compensation was a fair way to resolve Mrs S' complaint. As Tesco Bank didn't agree to settle in line with the investigator's recommendations Mrs S' complaint has been passed to me to make a 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I take Tesco Bank's point that when it made the decision to apply the reissue decline restriction to Mrs S' account it meant no new spending would be allowed. And Tesco Bank's advised that, even if Mrs S had called at the time, it would've been very unlikely its decision would've changed. I accept that's the case. But I think the failure to clearly explain the status of Mrs S' account to her has caused an unreasonable level of upset in this case.

Mrs S has explained that she spent a lot of time and effort trying to resolve the issues she'd face in recent years. Part of that was agreeing a payment arrangement then clearing the outstanding balance on her credit card. From Mrs S' view, she was expecting to be able to use her now cleared credit card again and hoped to improve her credit score by doing so. So I can understand why Mrs S was so upset when she found the credit card wouldn't be reissued.

In addition, if Tesco Bank had explained no new card would be issued, Mrs S could've made arrangements to close her credit card account after she made her final payment in March 2022. Instead, the account remained open and, from Mrs S' perspective, active. I can see that added to Mrs S' view she would be able to use it again in the future which wasn't the case. If Tesco Bank wasn't willing to reissue Mrs S' credit card, I see no reason why it left her account open after the balance was repaid in full.

Overall, I'm not persuaded that Tesco Bank's offer of £50 fairly reflects the level of disappointment or distress and inconvenience caused to Mrs S. I agree with the investigator that a payment of £200 more reasonably reflects how the issues raised have impacted Mrs S and is a fairer way to resolve her complaint. As a result, I'm going to proceed on that basis and uphold Mrs S' complaint.

### **My final decision**

My decision is that I uphold Mrs S' complaint and direct Tesco Personal Finance PLC trading as Tesco Bank to pay her a total of £200 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 15 February 2024.

Marco Manente  
**Ombudsman**