

The complaint

Mr N complains Tesco Personal Finance Plc trading as Tesco Bank incorrectly reported late payments for his loan on his credit file.

What happened

Mr N was in the process of applying for a mortgage in May 2023 when he found Tesco had reported late payments for the last six months on his loan. He says he complained to them on 2 June 2023, and after he called them on 13 June 2023, they confirmed they'd fixed the issue. Tesco explained to Mr N the issue was they'd reported his payments as 'additional payments' rather than the contractual payment it actually was.

Tesco wrote to Mr N confirming what they'd told him on the phone about the reason they'd been reporting missed payments. They said sorry for this, that they'd update his records with the credit reference agencies, and he should allow 30-60 days for this to show. In addition, they paid Mr N £250 to say sorry for their mistake.

Mr N asked us to look into things, explaining mortgage rates were going up while he was waiting for this issue to be fixed which would inevitably cost him more when he was ultimately able to take out his mortgage.

One of our Investigators considered things. She felt Tesco should pay a further £100 on top of the £250 they'd already paid but didn't think they should compensate Mr N for his mortgage payments – as there was no guarantee he'd have got the rate he showed us.

Tesco eventually accepted this, but Mr N asked for an Ombudsman to review things as he said Tesco delaying responses is what caused him to have to take out a mortgage at a higher rate. So, the complaint's been passed to me to decide.

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.

It's not in dispute Tesco made an error, so the question becomes whether a fair outcome has been reached at this point with the further £100 our Investigator awarded.

I know that going through the house buying process, particularly when rates are changing, is quite stressful. So, I don't doubt the impact this has had on Mr N and how it's made him feel.

Our service can direct financial businesses like Tesco to take various actions – the two most relevant ones here would be a refund of any financial loss and pay compensation.

What Mr N is referring to as increased mortgage payments for five years is what I mean when I talk about financial losses. But, in order for me to award Mr N those financial losses I need to be fully satisfied Mr N has suffered (or will suffer) those losses, and that's because of Tesco's actions or inaction.

Here, I'm afraid I'm not satisfied Mr N has lost out because of Tesco's actions. I don't doubt clearing up this issue delayed taking out the mortgage, but I simply can't know with any degree of certainty Mr N would have been accepted by the lenders he told us about when rates were lower. Every lender has their own criteria and I know there is often over 100 points a lender checks – so that's over 100 points an application could fail on. For that reason I won't be awarding the financial losses Mr N is claiming for.

Turning now to the compensation, this is to reflect the distress caused as a result of Tesco's actions. It's very disappointing Tesco's systems weren't sophisticated enough to pick up Mr N was continuing to make his payments on time – and, presumably, tell him about that otherwise I assume Mr N would have sorted this out much earlier.

I know Mr N would have felt very stressed during the time he raised this, and the time it took to be resolved. All in, it was less than three weeks. That'll have felt like a long time no doubt, but I have to weigh that up against Tesco being allowed up to eight weeks in which to resolve complaints. So, in context Tesco actually resolved this matter very fast.

I hope Mr N doesn't feel I'm underplaying how he'd have felt, but overall I'm satisfied a total payment of £350 is a fair and reasonable outcome. As Tesco have already paid Mr N £250, all that remains is for them to pay a further £100.

My final decision

I partially uphold this complaint and require Tesco Personal Finance Plc trading as Tesco Bank to pay Mr N a further £100 compensation, bringing the total compensation for this complaint to £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 22 February 2024.

Jon Pearce
Ombudsman