

The complaint

Mr R complains about what happened when he tried to clear the full balance on his credit card held with Tesco Personal Finance PLC trading as Tesco Bank ('Tesco').

What happened

Mr R held a Tesco credit card which had an introductory 0% interest period on purchases. He told us that he'd planned to pay the full balance at the end of the interest-free period. So, in late June 2023 he used Tesco's online banking facility to change his direct debit from taking the minimum payment to collecting the full statement balance. Mr R said he received confirmation that his direct debit had been changed – and as he'd made the amendment around three weeks before the next payment was due, he thought the payment would be taken.

The payment wasn't taken as Mr R expected, and on 25 July 2023 Tesco sent Mr R his next credit card statement. This included interest of around £106 and a late payment fee. Separately, Tesco also wrote to Mr R to advise him of the missed payment and that a fee had been charged.

Mr R complained. He said Tesco's website was confusing and had mislead him into believing his direct debit instruction had been changed. He asked Tesco to refund the late payment fee and interest and to remove the late payment marker from his credit file. Tesco didn't uphold Mr R's complaint. They said that when Mr R changed his direct debit the website displayed a clear warning that the payment might not be taken that month. As a gesture of goodwill, Tesco agreed to refund the late payment fee and apply an interest waiver for one month. But they said the interest had been applied correctly. And that they were obligated to report factual information to the Credit Reference Agencies (CRA) – so they wouldn't remove the late payment marker.

Mr R remained dissatisfied and brought his complaint to our service, where it was considered by one of our Investigators. Our Investigator didn't think Tesco had treated Mr R unfairly. He said the warning on Tesco's website put Mr R on notice that his payment might not be taken. He added that Tesco explained what Mr R needed to do to ensure he made his minimum payment, and so he didn't think the complaint should be upheld.

Mr R didn't agree. He accepted that Tesco displayed a warning when he amended his direct debit, but he said Tesco confirmed that the direct debit had been changed at the end of the process and so he had no reason to think the payment wouldn't be taken as expected. Mr R asked for an Ombudsman's decision – and so the complaint has come to me.

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.

Having done so, I'm not upholding Mr R's complaint. I realise this'll be disappointing news for Mr R given how strongly he feels about what's happened. I've no doubt he intended to repay

the full statement balance and so I can understand his frustration. But I can only fairly uphold his complaint if I'm satisfied Tesco made a mistake – and I don't think they did here.

There's no dispute that Tesco's website displayed a warning when Mr R changed his direct debit instructions. Tesco have sent us a screenshot of the online banking screen where the customer asked to confirm the change to take the full amount owed on their card. The warning displayed reads as follows:

What you should know:

- *Changing your Direct Debit now could result in no payment being made this month.*
- *If you don't want this to happen then do not proceed with this change.*
- *To be sure of paying the full balance this time, you can pay using Faster Payments or with a debit card. See your statement for details.*

Mr R then had to tick a box to confirm the details were correct before he could proceed. I think the warning is ambiguous about whether the direct debit will be taken. But it is clear about the advice it gives, in that it advises Mr R not to rely on his direct debit to make a payment. It goes on to explain what Mr R could do to ensure the full balance would be cleared.

Mr R said the warning was superseded by the confirmation message, which was displayed when he completed the direct debit change. He sent us a screenshot of the message displayed on the website. This reads:

Your Direct Debit has been updated.

We've got your updated Direct Debit Instruction.

If it is processed in time for your current statement, it will be taken on or around the the [sic] 15th.

However, if it hasn't been processed, you will need to pay by Faster Payment or debit card this time.

I've considered this carefully, but I don't think the screenshot Mr R has shown us confirms his payment would be taken. Instead, it says it *might* be taken if the instruction was processed in time. And it says that a manual payment might be required if the instruction hadn't been processed in time. Importantly, Tesco had already warned Mr R that the payment might not be taken. Overall, I'm satisfied Tesco did enough to warn Mr R that changing his direct debit meant it wasn't guaranteed a payment would be taken. I don't think that this warning was superseded by the confirmation message on the screen shot Mr R sent us.

Mr R amended his direct debit on 29 June 2023 and the payment was due on 20 July 2023, three weeks later. He said that gave Tesco sufficient time to make the changes. Tesco explained that for a direct debit to change from collecting the minimum payment to full payment, a new mandate is required. I appreciate Mr R feels strongly that in today's world where many processes are automated it should be possible to amend a direct debit without the need for a new mandate. I appreciate the point Mr R is making here but Tesco's process is fairly common practice in the industry so I can't say they treated him unfairly. Tesco made Mr R aware of the possibility the direct debit wouldn't be taken and so he was on notice that a manual payment may need to be made. So, although I know that Mr R will be disappointed, I won't be directing Tesco to do more to resolve this complaint.

My final decision

For the reasons set out above, I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 October 2024.

Anja Gill
Ombudsman