

The complaint

Mrs D complains Tesco Personal Finance PLC trading as Tesco Bank unreasonably blocked the use of her credit card due to disputed arrears. Mrs D also complains about the overall level of service provided.

What happened

Mrs D holds a credit card with Tesco Bank. In August 2023 Mrs D missed her contractual minimum payment and when the account wasn't brought back up to date Tesco Bank blocked the use of the card.

Mrs D complained to Tesco Bank in December 2023. She said it was unreasonable that it had restricted her use of the card as she disputed the arrears and considered her account to be up to date. Mrs D also said the level of customer service she received from Tesco Bank was below what she ought reasonably to have expected.

Tesco Bank didn't uphold Mrs D's complaint. It confirmed that Mrs D had made monthly payments to the account, but that these hadn't been at the required level to clear the arrears and bring the account up to date. Tesco Bank said while the account was in arrears it restricted its use; and that it couldn't agree it had provided an unreasonable level of service.

Unhappy with Tesco Bank's outcome Mrs D referred her complaint to our Service for review.

Our Investigator reviewed all of the available evidence, which included further submissions after an initial outcome was reached, and didn't uphold the complaint. He considered Tesco Bank had provided Mrs D with accurate information about the arrears, and her overall balance. He said he didn't consider it was unreasonable that Tesco bank had restricted the use of the card until the account was brought up to date; or that it had provided Mrs D with an unreasonable level of customer service.

Tesco Bank appears to have accepted our Investigator's outcome; Mrs D didn't. In summary, she maintained her position that she disputes the account was in arrears, and that Tesco Bank had provided incorrect balance information. She's said it was unreasonable of Tesco Bank to continue to restrict her use of the card when the account was back within its approved limit. Mrs D has said the situation and the ongoing complaint process has affected her health and caused her distress and inconvenience, for which she seeks compensation.

Mrs D asked for an Ombudsman's review, so the case has 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.

Having done so I've reached the same outcome as our Investigator, for broadly the same reasons. I appreciate this will be disappointing to Mrs D.

It isn't in dispute that Mrs D missed the contractual monthly payment to her credit card in August 2023. But what is in dispute is that the account remained in arrears until January 2024 when Mrs D brought the account up to date.

I've reviewed Mrs D's credit card statements between August 2023 and January 2024. I've also listened to the phone calls Tesco Bank has provided between September 2023 and December 2023 as part of my review.

Mrs D missed her contractual minimum payment in August 2023. Her September 2023 statement set out that her minimum payment due for the period was £82. This was calculated using a formula which is a standard process across the industry when a customer misses a contractual payment. This formula will generally take into account any interest and fees added, as well as the required payment towards the new balance, and the payment that has been missed. I've seen that this information is detailed within Mrs D's credit card statements, and within the terms and conditions applicable to the account – which I've had sight of.

It appears Mrs D has considered throughout the complaint process that the two £25 payments she made in September 2023 ought to have brought the account back up to date. It appears Mrs D's rationale for this is that her previous minimum payments were £25 per month; so, she essentially considered that by paying £50 she had caught up August's missed payment and covered September's payment.

But as confirmed within Mrs D's September 2023 statement, the minimum payment due for the period was £82, for the reasons I've already set out above.

When Mrs D called Tesco Bank in September 2023, she made it aware of a change in her personal circumstances that was impacting her finances. She explained that she needed support as she'd be unable to meet the £82 payment in September 2023. A reduced payment of £25 was agreed. Given Mrs D's financial circumstances a three-month plan was later agreed which meant interest and charges would be put on hold while Mrs D made payments of £25.

During a further phone call after Mrs D had made the £50 payment in September 2023 and had the plan in place, it was confirmed that the arrears of £32 would remain on the account and would need paying once the plan came to an end. Although Mrs D disputed the arrears, it's evident from the call that at the time her main focus was for Tesco Bank to agree to reduced payments, and to prevent further interest and charges being added to the account while she looked to resolve what she considered to be a short-term financial setback.

While Mrs D disputed the arrears during the call, and in later calls with Tesco Bank in December 2023 once her payment plan had ended, I'm satisfied her monthly statements and the Notice of Sums in Arrears letters sent in October and December 2023 confirmed the status of the account.

Further, during the calls Mrs D had with Tesco Bank both in September and in December 2023 the representatives explained the status of the account, which included detailing the level of arrears.

I've noted that during these calls Mrs D repeatedly spoke over the Tesco Bank representatives when they were trying to explain the situation with her account. It appears to me that she was generally dismissive of accepting the status of the account, or any explanation of the arrears, that didn't support her own views on the matter. This was even though the Tesco Bank representatives were trying to support her by helping her understand

the position of the account; which was in part some of the concerns she'd raised which needed to be addressed.

So, taking all the evidence available into account, I consider Tesco Bank accurately informed Mrs D of the status of her account, which included accurately reporting the level of arrears.

Mrs D also disputes the balance of her account. She made Tesco Bank aware during phone calls that the balance available for her to view online differed from the statements she received. During the calls the Tesco Bank representatives explained the arrears meant the information available online showing Mrs D's balance didn't update immediately and likely wouldn't do so until the next statement charging period; and that this is therefore why some balance information differed.

While I accept this may have caused some confusion or have been inconvenient for Mrs D, I consider Tesco Bank provided Mrs D with a reasonable explanation for the discrepancy. And in any event, as I've found above it reasonably provided Mrs D with monthly statements and Notice of Sums in Arrears letters which set out the true position of the account, whether she disputed the information or not.

I note that our Investigator asked Mrs D to provide further information and evidence of the discrepancies in the balances that she disputes; but no further evidence has been presented. So, in the absence of any information to support Mrs D's testimony, I can't agree that Tesco Bank has provided Mrs D with incorrect balance information in writing; and I'm persuaded it has reasonably set out why the balance information did differ online, given the arrears status of her account.

Mrs D has said Tesco bank unfairly restricted her use of the card while it was in arrears; and that it didn't allow her to use the card once the balance was back within the agreed limit. I've carefully thought about Tesco Bank's action here; and having done so I don't consider it was unreasonable.

I note Tesco Bank provided clarity on this point within its final response. But for completeness I've reviewed the terms and conditions of Mrs D's credit card to ensure Tesco Bank acted reasonably. Section nine titled '9. *Suspensions and restrictions*' states:

'In certain circumstances, we'll need to suspend or restrict the use of your account. We'll only do this for a good reason, including when:

...

- *There's a significantly increased risk you may not be able to pay us...*

So, I consider the relevant terms and conditions relating to Mrs D's card allowed Tesco Bank to restrict its use; particularly in situations such as Mrs D's, where the account was in arrears and there was an increased risk that the required contractual minimum payment may not be made. It therefore follows I consider Tesco Bank acted reasonably when restricting Mrs D's use of the card.

I note that Mrs D has said she cleared the arrears, albeit under protest, in January 2024; and that she was able to use the card again in February 2024. I therefore consider Tesco Bank acted reasonably when reinstating Mrs D's use of the card after the arrears were cleared.

Finally, I've considered the overall level of service provided to Mrs D by Tesco Bank. Having done so, I've not seen anything which makes me consider the level of service provided by Tesco Bank was unreasonable.

I say this because once it became aware of Mrs D's financial situation it provided forbearance, putting a hold on Mrs D's account to stop any further interest and charges. It reasonably made Mrs D aware of the status of her account throughout the months the account was in arrears; and reasonably looked to provide her with information in order to help her understand the account position, which included details of the arrears and why it had restricted the use of her card.

Mrs D believes Tesco Bank has been dishonest with the information it has provided both her and our Service. She suggests it has fabricated balances and transactions to support its position, and the overall stance it has taken with her account.

From the evidence I have available to me, I've not seen anything which leads me to conclude Tesco Bank has provided inaccurate or unreliable information. The statements produced between September 2023 and January 2024 show the account status which I reasonably consider reflect accurate information. In any event, Mrs D hasn't provided any evidence which supports her testimony. So, in the absence of any contradictory evidence, I can't conclude Tesco Bank has provided inaccurate or unreliable information.

I am sorry to hear of Mrs D's past and current health concerns; and how she's said this situation and ongoing complaint added to these, including causing her distress and inconvenience. I don't doubt the issue, and the ongoing complaint, has caused Mrs D distress and inconvenience.

However, I can't reasonably conclude that the distress and inconvenience Mrs D says she's suffered is as a result of any error or action taken by Tesco Bank; because as I've found above, I don't consider Tesco Bank's actions have been unreasonable. Therefore, I can't reasonably conclude that it should pay Mrs D compensation for the distress and inconvenience she says she's suffered.

Taking all of the above into account, it therefore follows I don't consider Tesco Bank needs to take any further action in resolution of this complaint.

My final decision

My final decision is that I'm not upholding Mrs D's complaint about Tesco Personal Finance PLC trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 8 October 2024.

Richard Turner
Ombudsman