

The complaint

Mr A complains that Tesco Personal Finance PLC trading as Tesco Bank has negatively impacted his credit file due to an outstanding balance on a closed credit card account.

What happened

In September 2023, Mr A says he changed credit card providers. He attempted to close his account with Tesco Bank, however, each month subscription payments left the account, leaving the account with an outstanding balance. Mr A says he monitored the account carefully and made payments each month for the amounts outstanding for the subscription.

In early December 2023, Mr A says he resubmitted his request to close his account. Following this, when he went to check his account in his mobile application, it told him that he had no accounts to view. At which point Mr A assumed his closure request had been successful.

Then in March 2024, Mr A received a letter from Tesco stating that he owed a balance of £6.25. Mr A was surprised that money could still be taken from his account after it had been closed. And he was unaware that a payment had been made from the account because he no longer had access to his account through the application. And he says he didn't receive any statements from Tesco Bank to notify him of the outstanding balance. Mr A says he paid the outstanding sum immediately on finding out.

Mr A says Tesco Bank have recorded negative information about him to the credit reference agencies, which he would like putting right. As he doesn't feel Tesco Bank's actions here have been fair.

In addition to the issue with reporting to the credit reference agencies, Mr A adds that it was difficult to close the account. Mr A says that there wasn't the option to close the account online. And that the process required him to print out forms, providing a wet signature, taking a photo of the forms and sending this back to Tesco Bank on email. This was difficult for Mr A because he doesn't have a printer.

Tesco didn't uphold Mr A's complaint. It explained that when the account closed there were still two transactions that required repayment on the account. Tesco said it sent statements to Mr A showing the transactions and the outstanding balance that needed repayment. And because Mr A didn't repay the outstanding balance by the payment due date, it had correctly reported missed payment to the credit reference agency.

An Investigator considered what both parties had said and thought that Mr A's complaint should be upheld, and that Tesco should remove the adverse information on Mr A's credit file. The Investigator hadn't seen evidence from Tesco Bank that the statements were sent to Mr A, which persuaded the Investigator that Mr A wasn't aware there was an outstanding balance to repay.

Tesco didn't agree, it said the Investigator's view doesn't appear to be based on the balance of probabilities in that the statements were more likely sent to Mr A.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 considered all of the information available to me, I've decided to uphold Mr A's complaint.

I don't think it's in dispute here that there were two transactions that happened on Mr A's account before it closed.

The account was closed on 19 December 2023, and around this same time, Mr A's online access to view the account was removed. So, there was no way of him being able to view account activity online following the closure of the credit card.

Tesco say that the transactions that happened in December would have been viewable on Mr A's January statement, which it says was sent to him in the post. Mr A says he didn't receive any statements from Tesco. And it wasn't until March 2024 that he first received information about the arrears on the account.

On the balance of probabilities, I don't think it's likely Mr A received the statements. I say this because:

- Tesco can't evidence that the statements were sent. It's said it only retains this information for 30 days.
- Tesco has confirmed that Mr A had previously made repayments on time.
- Mr A was only required to pay £6.25 to bring the account back up to date. Given the very low amount due, I think it likely Mr A would have made a payment to clear this amount if he had known it was outstanding.
- Mr A paid the amount as soon as he received a letter about it in March 2024.

I accept that it is unusual that statements don't arrive once they have been produced. But in the individual circumstances of this complaint, I think it's more likely that Mr A didn't receive the statements, because if he had, I think he would have paid the outstanding amount when it was due. So, I think Tesco Bank should take action to put things right for Mr A.

I note that Mr A has also said that he's unhappy with the process to close the account – in that he needed a printer to send the information Tesco Bank asked for. Tesco Bank has confirmed that there was no requirement for a printer to close the account. Mr A just needed to complete a form and email it back. I've looked at the process to close a Tesco Bank credit card account at the time Mr A requested this in September and December 2023. The form could be completed electronically and emailed back to Tesco Bank. So, I don't find the process here to be too onerous.

Putting things right

Tesco should remove any adverse information it has reported to the credit reference agencies relating to the outstanding balance when the account was closed.

My final decision

For the reasons set out above, I uphold Mr A's complaint. I order Tesco Personal Finance PLC trading as Tesco Bank to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 July 2024.

Sophie Wilkinson
Ombudsman