DRN-4826445

The complaint

Mr V complains Tesco Personal Finance Limited (Tesco) defaulted the credit card he held with them in error, which caused him to lose out financially. Mr V's also unhappy with the service he had from Tesco and with their decision not to let him use of the card.

What happened

Mr V contacted Tesco in October 2023 to discuss a hold on his account which was due to end. Mr V said was awaiting a court hearing which he hoped would result in the sale of a property, but the process could take a few months.

Tesco agreed to place a further 30-day hold on Mr V's account and said he'd need to contact them again in November 2023 to confirm if he could pay the arrears at that point.

Unfortunately, Tesco failed to apply the hold and a default was applied against Mr V with the credit reference agencies.

Mr V complained to Tesco that the default, applied in error, had caused him to be declined for car finance. This had forced him to reject a job offer as he was unable to buy a car. Mr V was also unhappy Tesco had ended his agreement and he was no longer able to use the credit card.

Tesco sent their final response upholding Mr V's complaint. While Tesco didn't agree to write off Mr V's outstanding balance, they removed the default and apologised for any impact the error had caused him. They also paid him £500 compensation for this and for other failings in the service provided.

Mr V remained unhappy so referred his complaint to our service. Mr V reiterated the reason for him being declined car finance was only due to the default Tesco had reported. As a result, he'd lost out on a job which would have seen his salary increase greatly. He was also unhappy he'd lost the use of his credit card despite it being closed as a result of Tesco's error, and with the service he'd had from them in general.

One of our investigators looked into things but he didn't think Tesco needed to do anything more to put things right. She said she'd not seen any evidence to support Mr V's application for car finance had been rejected only because of the default applied by Tesco and that overall, they'd treated him fairly when he'd been struggling financially.

Our Investigator said by removing the default and paying £500 compensation, Tesco had fairly resolved the complaint. She didn't think they needed to re-open his account.

Mr V said it wasn't fair Tesco wouldn't agree to re-open his account as he benefited from the features this specific card offered and wanted to keep using it.

As Mr V disagreed with our Investigator's view, and our Investigator's opinion remained unchanged, this complaint 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, while I know it will come as a disappointment to Mr V, I'm not upholding this complaint. I'll explain why.

I'm aware I've set out this complaint in far less detail than has been provided, and I've done so using my own words. But, I've focused on the points I think form the core of this complaint and what I think are the key issues here. Our rules allow me to do this.

We are an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every detail to be able to reach what I think is the right outcome in the circumstances of this complaint.

Mr V asked to speak with me before I reached this decision. I've considered this carefully, but Mr V has provided detailed testimony and evidence to explain his account of what's happened here. I've also listened to the calls where Mr V's explained his complaint to both Tesco and the Financial Ombudsman Service. And having reviewed all of the evidence and information detail, I'm satisfied I have everything I need to reach my decision without speaking to him first.

I also know Mr V has had other concerns with his account and the service from Tesco, both before and after the events that form the subject of this complaint. Those other concerns have been addressed in separate complaints, so I won't be going into any detail about them here.

I'm satisfied there are three points which make up the core of this complaint. It's these points I've focused on in my decision and for ease I'll address them in turn below.

<u>Service issues</u>

Tesco agree they failed to call Mr V back once and on one time made a call back later than agreed. Tesco also agree the service provided by their staff member during the call Mr V complains about, wasn't to the standard they expect.

As the level of service isn't in dispute, I'm not going to say if I think Tesco were at fault here, they've already said they were. Tesco apologised, gave feedback to their staff member and considered the impact of the service in the total compensation amount they paid.

I understand the poor service Mr V had must've been frustrating, causing him more upset at an already difficult time. As Tesco paid one total amount of compensation I'll consider if I think the amount is fair after I've addressed the next point.

<u>Default reported in error</u>

It's also not in dispute that the default Tesco reported in October 2023 was done in error. It's the impact this had on Mr V and what Tesco should do to put it right that is in dispute.

Mr V has shown an application he made for car finance after the default was applied was declined. He's also sent proof of him declining a job offer, which he says he was unable to accept as a direct result of being unable to buy a car.

I agree the default reported against him at the time would have contributed towards any difficulties Mr V had getting credit, but importantly here, I've not seen anything to show his application was declined only because of it.

At the time, Mr V's Tesco credit card account had been in arrears for over 12 months - which alone would already have been a concern for any potential lender. The credit report shared by Mr V shows he was also in arrears on one mortgage account and in special arrangements to pay on several other credit facilities.

So, while I do agree Tesco were at fault by applying the default when they did, they then removed it and on balance, having considered all the information, I've not seen anything to show Mr V would have been accepted for the car finance he applied for, if the default wasn't present.

Because of this, I can't be sure Tesco are the reason for Mr V being declined credit or for the other losses he says followed.

Tesco paid Mr V £500 compensation in total for the impact caused by their service failings and because of the default being applied in error. Having taken everything into account, and for the reasons I've explained above, I'm satisfied this amount is fair in the circumstances of this complaint. I won't be asking Tesco to do anything further here.

Termination of the credit facility

Following the default being applied to Mr V's account, Tesco sent him a termination notice, stopping any more use of the credit card.

I understand that as the default that led to the termination notice was reported in error at the time, Mr V feels strongly Tesco should've allowed him to keep using the account.

But Tesco said this would not be the case. Their commercial decision was that Mr V's credit card wouldn't be re-opened.

At the time, Mr V's account was in arrears and had been in arrears for a long period of time leading up to the account closing. Tesco had already applied many holds to Mr V's account to give him time to bring the account back into order. So I'm satisfied their decision to stop offering credit was fair taking everything into account.

So, in summary, while Tesco agree they were at fault by reporting the default and that the level of service provided to Mr V at times wasn't good enough, I'm satisfied the £500 compensation already paid, fairly reflects the impact their errors caused.

While I accept Mr V considers his losses to be much greater, for the reasons I've explained I'm not satisfied Tesco are solely responsible for those losses so I'm not going to tell them they need to do anything more.

My final decision

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 25 April 2025.

Sean Pyke-Milne
Ombudsman