

The complaint

Mr S says Tesco Personal Finance PLC, trading as Tesco Bank, mis-handled the administration of his credit card account which caused him distress and inconvenience.

What happened

Briefly, due to an error on its part, Tesco wrote to Mr S in February 2024 to confirm he'd been charged a late payment fee of £12. Tesco also reported a late payment marker on Mr S' credit file.

Mr S called Tesco in February and March 2024 as he felt Tesco's actions to be unfair and had noticed this had impacted his credit file. The late payment fee was refunded to Mr S as Tesco accepted this was charged in error. Tesco eventually acted to correct the missed payment marker on his credit file, and it credited his bank account with £100 by way of an apology.

Unhappy with Tesco's offer of compensation, Mr S brought his complaint to this service. One of our investigators looked into the complaint and recommended that it should be upheld. The investigator recognised that Tesco could have handled matters better than it did and had sought to put things right for Mr S. But they considered that Tesco's offer wasn't sufficient in the circumstances and asked it to pay £200 in total.

Mr S accepted the investigator's findings. Tesco didn't accept them, on the basis that there had been no material impact on him since his credit file was left unaffected. Given the short time between the incident and resolution, it considered £100 to be fair.

As the investigator was unable to resolve the complaint informally, it was passed to me to review afresh.

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 uphold this complaint. I'll explain why.

It's clear that Mr S is unhappy with the overall level of service he's been provided with by Tesco. For instance, its systems reported Mr S as having missed a payment when in fact that wasn't the case. I'm persuaded that he'd have found it distressing to receive notification of fees charged in February 2024 and the enclosed '*Default Sum Notice*' through no fault of his own. This was exacerbated on Mr S discovering his credit file had been adversely affected too.

When Mr S called Tesco in February and March 2024 to find out what had happened and find a resolution, its representatives didn't handle things as well as they could have. I'm satisfied this only added to the confusion and upset Mr S was experiencing at that time as a result of Tesco's initial error.

I'm glad to see that Tesco did accept responsibility for what had happened and took action to put things right for him. I don't think it could have done much more in respect of refunding the account charges and correcting Mr S' credit file.

That said, I believe Tesco's offer of £100 as compensation for the distress and inconvenience Mr S was caused was too low. It's rarely straightforward to decide what represents an appropriate level of compensation for non-financial loss given its inherently subjective nature. Mr S experienced these particular problems and no-one else.

That said, I've taken account of the fact that Tesco fell short of the level of service Mr S reasonably expected to receive on multiple occasions and over a period of time. With that in mind, I'm persuaded that £200 in total would be fair in all the circumstances.

Putting things right

Tesco should pay Mr S £200 in total (so including Tesco's existing offer of £100) as compensation for the distress and inconvenience it's caused him.

My final decision

For the reasons given, I uphold this complaint. I require Tesco Personal Finance PLC, trading as Tesco Bank, to put things right for Mr S as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 August 2024.

Nimish Patel
Ombudsman