

The complaint

Mrs J is complaining about Tesco Personal Finance PLC trading as Tesco Bank because she was incorrectly told a replacement credit card had been issued when her account had actually been suspended, meaning no card was sent.

What happened

Mrs J has a credit card account with Tesco. Tesco says it first wrote to her in June 2022 because the account was in persistent debt, meaning she'd incurred more in interest and charges over the previous 18 months than she'd paid back. Tesco then says it wrote to her again in a number of times to suggest payment plans to resolve the situation and, when it didn't receive a response, the account was suspended in January this year. I understand it remains suspended until the outstanding balance is cleared.

Mrs J says she didn't receive any of Tesco's letters and tried to order a replacement card earlier this year. On more than one occasion, she was told a new card had been issued but it never arrived. Eventually, Tesco was able to confirm that no replacement card had been issued because the account was suspended.

In response to Mrs J's complaint, Tesco ultimately apologised for its error in telling her a new card had been issued when it hadn't. It also credited £50 compensation to her account.

Our investigator recommended the complaint be upheld. She felt Tesco was entitled to suspend the account due to ongoing persistent debt and that it had taken appropriate steps to tell Mrs J what was happening and to provide options for reducing the debt. But she didn't feel the £50 paid by Tesco sufficiently compensated Mrs J for the distress and inconvenience caused by its errors when she requested a replacement card and recommended it pay a further £100.

Neither party accepted the investigator's assessment. Mrs J disputes that she received the correspondence Tesco says it sent about persistent debt on the account. Tesco says Mrs J should have been aware her account was suspended when she requested a replacement card and that the compensation it's already paid is fair.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any

regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

I'm satisfied suspending Mrs J's account was a reasonable response for Tesco to take in view of the long-running and unresolved persistent debt. It's provided copies of multiple letters it says were sent to inform her of the situation, including to tell her when the account was suspended, and these all appear to be correctly addressed to the same address she gave us in her complaint form. I can't know whether the letters were received, but I think the fact Tesco has provided copies is compelling evidence they were sent.

Either way, Mrs J said in her complaint form that she has no problem with the account being suspended and the issues at the heart of this complaint relate to Tesco's response to her later request for a replacement card.

I note Tesco's view that Mrs J should have known her account had been suspended and that she wouldn't be able to obtain a new card. But it seems clear she didn't realise this. And in any event, that doesn't change the fact that Tesco provided misleading information on more than one occasion, including in its original complaint response.

When the replacement card she was expecting didn't arrive, Mrs J says she was concerned someone else had received. I can see that this episode would have caused her some distress and inconvenience and I think she should be compensated for that. I assume Tesco agrees otherwise it wouldn't have paid compensation.

The amount to award for a consumer's distress and inconvenience can be difficult to assess as the same issues can affect different customers differently. But in the circumstances described, I think a nominal amount of £50 is insufficient and that the total sum of £150 recommended by the investigator is fair and reasonable.

It's for this reason that I'm upholding Mrs J's complaint.

None of the above changes the situation in respect of the status of Mrs J's account and I understand the card will remain suspended until the balance is cleared. Mrs J should make sure she takes notice of any letters or emails received on this subject and can contact Tesco to discuss potential repayment options if she needs assistance with this.

Putting things right

For the reasons explained above, I think Tesco should pay total compensation of £150. This is a further £100 in addition to the £50 paid previously. I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I uphold this complaint. Subject to Mrs J's acceptance, Tesco Personal Finance PLC trading as Tesco Bank should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 15 October 2024.

James Biles
Ombudsman