

The complaint

Miss H complains about the way in which Tesco Personal Finance PLC trading as Tesco Bank handled her disputed transaction claim.

What happened

Miss H engaged a drainage company to carry out work at her property and paid using her Tesco credit card. The total cost of the work, which was paid in two transactions, was £8339.20. The merchant told Miss H that the work would be claimable under her house insurance and that they would issue a full report and guarantee. This never materialised. Miss H contacted her insurance company anyway who inspected the work and provided a report and photographs which concluded that the work was faulty.

Miss H was unable to resolve matters with the merchant, so she contacted Tesco to raise a Section 75 claim.

Tesco initially rejected the claim on the basis that there was no evidence of a breach of contract. The claim was subsequently reopened and passed back to the Section 75 team for review, who agreed that the merchant had breached the contract. It said the insurance company's report confirmed that the excavation work was incomplete. It also said the merchant had appeared to have ceased trading and wouldn't be honouring the 10 year warranty. Tesco said it was still discussing the steps which needed to be taken to rectify things for Miss H and said it would be back in touch as soon as a final decision had been made on the full and final settlement of the claim. It acknowledged that its initial rejection of the claim had been wrong and offered Miss H compensation of £150 for the distress and inconvenience caused.

Miss H was unhappy that her claim hadn't been fully resolved and complained to this service.

Following the referral of the complaint to this service, Tesco agreed to refund the full amount paid for the repairs of £8,399.20 on top of the £150 compensation it had already offered. It also offered a further £100 compensation.

Our investigator thought the offer was fair. He said that refunding the total cost of the work was likely to cover the cost of correcting the work as (based on the report from the insurer) a lower level of work was required to correct the issues. The investigator said it was likely that Miss H would have an amount leftover following the remedial work to cover the cost of a replacement manhole and the amount she'd paid towards the guarantee. The investigator concluded that Tesco's offer redressed Miss H appropriately under Section 75. The investigator said that in relation to customer service, Tesco could've raised a chargeback in July 2023 when Miss H first contacted them, which would've reduced the amount of time taken to resolve the matter. The investigator also said that since Tesco changing its decision on the Section 75 claim it had taken over 7 months for it to decide how to redress the claim, which had caused further trouble and upset to Miss H. The investigator said that had Tesco acted fairly and not made these errors Miss H would've been caused less trouble and upset, so he thought that some compensation should be paid. He said the initial offer of £150

compensation wasn't enough but that with a further £100 on top of this, the sum of £250 was fair and reasonable.

Miss H didn't agree. She said she didn't think it was fair to settle for just the sum paid to the merchant. She said there were additional costs which she thought should be covered. She also said she'd been left without a guarantee and her household insurance now excluded drain cover.

Because Miss H didn't agree I've been asked to review the complaint.

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.

The background to this company is well known to both parties and I won't repeat it here. In addition, Tesco has agreed the Section 75 claim, so I won't be commenting further on the merits of the claim either.

The issue which remains outstanding here is the redress offered by Tesco. Miss H doesn't feel that a full refund of the sum paid to the merchant plus £250 compensation for distress and inconvenience goes fair enough.

I've taken account of everything that Miss H has said, and I've thought about whether the redress offered here is a fair and reasonable resolution to the Section 75 claim.

Miss H has made several points in support of her request for additional redress. She's said that a manhole cover was removed by the merchant without her permission and the costs of replacing this will be £100. She'd like that cost covered. Miss H has also said that the additional work needed to correct the issues was £670.44. She's asked for this to be included on top of the amount she's been offered. Miss H is also unhappy that the work already carried out isn't guaranteed and she wants to know if Tesco is going to provide a guarantee. Miss H also made the point that because the CCTV prior to the initial repair isn't going to be provided to the insurer, she's suffered the loss of not being able to claim on her insurance.

Having considered everything I agree with the investigator that the redress offered is a fair and reasonable resolution to the Section 75 claim. My rationale is the same as the investigators, so I won't repeat everything that he said previously. I've summarised the reasons for my decision below.

Tesco has agreed to refund the entire cost of the work, which amounts to £8,399.20. This refund will cover the cost of the additional work required to correct the issues and the cost of the replacement manhole. It also addresses the guarantee point, because it refunds the full contract price. It's open to Miss H to obtain a further inspection of the work and obtain an insurance policy if she wishes and I'm satisfied that the costs of doing so can be met from the sum refunded.

In relation to the CCTV and Miss H's ability to claim under her home insurance policy, I haven't seen any evidence to satisfy me that the insurance company has agreed to pay the claim if the CCTV is provided. I've reviewed the insurance documents provided by Miss H, but I can't see that the policy would have covered the loss had the CCTV been provided in any event. So, I'm unable to say that Miss H has suffered a direct loss here.

Putting things right

To put things right, Tesco Personal Finance Plc trading as Tesco Bank must refund the contract cost of £8,399.20 and pay total compensation of £250 for distress and inconvenience.

My final decision

My final decision is that I uphold the complaint. Tesco Personal Finance Plc trading as Tesco Bank must refund the contract cost of £8,399.20 and pay total compensation of £250 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 31 December 2024.

Emma Davy
Ombudsman