

The complaint

Mr B is unhappy that Tesco Personal Finance PLC, trading as Tesco Bank, incorrectly told him after closing his account that if he paid off his account balance in full that they would reopen his account.

What happened

Mr B spoke with Tesco on 6 January 2024. At that time, his account had been closed by Tesco, and Mr B was calling to arrange the repayment of the balance outstanding on his closed account. Mr B initially discussed clearing the account balance in instalments. However, he asked what would happen if he cleared the balance in full, and it was indicated to him by Tesco's agent that if he did so that Tesco would reopen his account.

In February 2024, Mr B cleared the outstanding balance on his closed Tesco account and asked for the account to be reopened. But Tesco explained that they wouldn't be reopening Mr B's account, and that had never been the possibility that they would. Mr B wasn't happy about this and felt that he'd been coerced into clearing the balance of his account in full. So, he raised a complaint.

Tesco responded to Mr B and said they couldn't find any record of him being told that they might reopen his account if he cleared the outstanding balance in full. But Tesco did accept that the fact that MB's account was being closed and wouldn't then be reopened should have been explained to Mr B sooner that it was. Tesco apologised to Mr B for this and paid £75 to him as compensation for any trouble or upset he may have incurred as a result. Mr B wasn't satisfied with Tesco's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They felt that Tesco's agent had indicated to Mr B, but not promised, that he might be able to have his account be reopened if he cleared the outstanding balance in full during the 6 January call. Because of this, our investigator felt that Tesco had providing unclear information to Mr B which had caused him to develop an incorrect expectation, and they said that Tesco should pay a further £100 compensation to Mr B as a result.

Tesco accepted the recommendation put forward by our investigator. But Mr B remained dissatisfied, and so the matter was escalated to an ombudsman for a final decision.

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.

This includes listening to a recording of the telephone call that took place between Mr B and Tesco on 6 January 2024. And I note that towards the end of that conversation the following exchange between Tesco and Mr B took place:

“What would happen if in February I just paid the whole outstanding amount? Would the account be unblocked?”

When you bring the balance back into zero ... that would then trigger the team to get in touch with yourself.

That's not how the letter phrased it. The letter phrased it, we're blocking your account because you've been in persistent debt. It didn't sound like the way you've just phrased it.

Yeah, sorry about that. We do have different options for different debt. We send out a number of letters to encourage the payments to be increased if possible or the spending reduced, to get out of the persistent debt... But yeah, if you're looking to clear the balance then that's ideal. That will bring it back to zero... You do just need a statement to be produced with a zero balance.

It would be on or around the end of February. So, it would be for the March statement.

Yeah, that would be into March then. And then that would just trigger out commercial team to get in touch with you. And they can help you set it up so that you avoid the persistent debt in future as well."

It seems clear to me from this interaction that Tesco's agent did indicate to Mr B that his account would be reopened if he cleared the balance outstanding on the account in full, which Mr B did as he'd said that he would, towards the end of February 2024.

Mr B has said that he feels coerced into making that payment, and notes that he had planned to clear the outstanding balance in instalments before it was incorrectly indicated to him by Tesco's agent that his account would be reopened if he cleared the balance in full.

But Mr B said earlier during the 6 January call that he would clear the arrears portion of the outstanding account balance at the end of January, and that he would make a further payment at the end of February which would clear the remaining outstanding balance.

This is as per the following from Mr B:

"I'm a bit disappointed that my accounts been closed when I said I would be paying the account off in full in the next few months, and the expectation is to do that in February ... I'm planning to clear the account in February.

Importantly, Mr B made the above statement before he asked what would happen if he just paid off the full outstanding balance of the account in February, and whether Tesco would reopen his account if he did so.

Accordingly, I feel it's reasonable to conclude that Mr B always intended to clear the full outstanding balance of his account in February 2024. And this means that it wasn't the case that Mr B has incurred any detriment by making the payment to clear the balance of his account in full in February 2024, because that was something he'd already advised that he was planning to do.

However, it is clear from listening to the call that Mr B did receive poor service from Tesco's agent on the 6 January call. This includes that Tesco's agent wasn't aware that Tesco had closed Mr B's account until he told her that was the case. As well as the fact that Tesco's agent did give Mr B a false expectation that his account could be reopened.

Because of this, I'm in agreement with the recommendation put forward by our investigator

that Tesco should pay a further £100 to Mr B as compensation for the frustration and annoyance that the false expectation he was given may have caused him.

In arriving at this position, I've considered that this further compensation is for the poor service and false expectation Mr B received only, and that I don't feel that Mr B has incurred any other form of detriment beyond that. I've also considered the impact of the poor service and false expectation on Mr B, as well as the general framework this service uses when assessing compensation amounts, details of which are on this service's website. And, taking all these factors into account, I feel that £100 is a fair further compensation amount.

All of which means that I'll be upholding this complaint in Mr B's favour and instructing Tesco to pay a further £100 to him. But I won't be issuing any further instructions to Mr B beyond this. I hope that both Mr B and Tesco will understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Tesco must pay a further £100 to Mr B, taking the total compensation payable to £175.

My final decision

My final decision is that I uphold this complaint against Tesco Personal Finance PLC, trading as Tesco Bank, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 September 2024.

Paul Cooper
Ombudsman