

The complaint

Mr P complains that Tesco Personal Finance PLC trading as Tesco Bank accepted a partial settlement offer from him which was higher than the settlement offer which a debt collection agency later told him had been accepted.

What happened

Mr P held a loan account with Tesco Bank. The account was passed to a debt collection agency to recover the outstanding balance.

On 17 October 2023 Tesco Bank received an offer via the debt collection agency of £5000 in full and final settlement of the loan account.

Mr P called Tesco Bank on 28 November 2023 and was advised that his offer of £5000 had been rejected. Tesco Bank said it had sent a letter to the debt collection agency advising them that it had rejected the offer on 16 November 2023.

During the call on 28 November 2023, Mr P made an offer for 60% of the outstanding balance (£10,385.78) directly to Tesco Bank, which it accepted.

On 1 December 2023 Tesco Bank notified the debt collection agency that it had accepted the offer of £10,385.78.

On 6 December 2023 Tesco Bank wrote to Mr P and confirmed that the offer of £10,385.78 had been accepted.

On 8 December 2023 Tesco Bank issued an automated email to the debt collection agency confirming that a full and final settlement offer had been accepted.

The debt collection agency subsequently wrote to Mr P and told him that his offer of £5000 had been accepted.

Mr P complained to Tesco Bank. He was unhappy that he'd had to pay a higher settlement figure than the figure the debt collection agency said had been accepted.

Tesco Bank didn't uphold the complaint and Mr P asked this service to look into things.

Following the referral of the complaint to this service, Tesco Bank said that although it had never accepted the offer of £5000, it acknowledged that Mr P had been caused trouble and upset and offered to pay £250 in compensation to settle the complaint.

Our investigator said the offer was fair. She said that although the debt collection agency had given Mr P incorrect information, this didn't mean that the £5000 offer had been accepted and the incorrect information wasn't something she could hold Tesco Bank responsible for.

Mr P didn't agree so 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.

Having done so, I agree with the investigator that Tesco Bank never accepted the offer of £5000, and that the error in this case was caused by the debt collection agency giving Mr P incorrect information.

I've reviewed all the relevant correspondence. I can see that Tesco Bank sent correspondence to the debt collection agency confirming that the offer of £5000 had been declined. I can also see that Tesco Bank sent correspondence to the debt collection agency confirming that the offer of £10,345.78 had been accepted.

Tesco hasn't been able to ascertain why the debt collection agency told Mr P that his offer of £5000 had been accepted.

Looking at the correspondence, I'm satisfied that Tesco Bank made it clear to the debt collection agency that the offer of £5000 had been rejected. It appears that on receipt of an automated email from Tesco Bank dated 8 December 2023 confirming that the full and final settlement offer had been accepted, the debt collection agency made an (incorrect) assumption that this referred to the £5000 offer.

I've thought about whether Tesco Bank made an error or treated Mr P unfairly. On balance, and whilst I can see that the automated email could've been clearer and specifically referred to the full and final settlement figure of £10,345.78, I'm not persuaded that this means that Tesco Bank should be held to the lower figure of £5000. Tesco Bank sent correspondence to the debt collection agency which made it clear that the £5000 offer had been rejected and that the £10,345.78 offer had been accepted prior to sending the automated email on 8 December 2023, so I think the debt collection agency are the only ones at fault here.

Tesco Bank has recognised that it was confusing and upsetting for Mr P to be told that his offer of £5000 had been accepted after he had paid the agreed settlement. It has offered to pay compensation of £250, which I think is a fair and reasonable way to resolve the complaint, given that Tesco Bank hasn't made an error.

Putting things right

To put things right, Tesco Personal Finance PLC trading as Tesco Bank must pay compensation of £250 to Mr P.

My final decision

My final decision is that I uphold the complaint. To put things right, Tesco Personal Finance PLC trading as Tesco Bank must pay compensation of £250 to Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 October 2024.

Emma Davy
Ombudsman