

The complaint

Ms K complains about the way Tesco Personal Finance PLC trading as Tesco Bank responded after she made a payment to it in error.

What happened

In April 2024 Ms K made a balance transfer from her credit card account with a bank I'll call Bank S to her credit card account with Tesco.

A few days later Ms K called Tesco. She said that she had made the balance transfer payment to Tesco in error (her Tesco credit card balance was nil at the time). She asked Tesco to refund the money to her bank's current account, otherwise she would have to pay a second £60 balance transfer fee to Bank S. She also explained that she was a pensioner and was undergoing treatment for breast cancer.

Tesco said it would refund the payment within two days. But this didn't happen so Ms K called Tesco again. Tesco said that, in error, it had not processed the refund.

Tesco also said it could make the refund only to the account the payment came from, which was her credit card account with Bank S. Ms K didn't think this was fair as Tesco could see she used her current account to make payments to Tesco so it knew it was her account.

Tesco paid Ms K £30 compensation for her inconvenience because it had not initially processed the refund. But it confirmed it would only return the money to Ms K's credit card account with Bank S. It said Ms K would have to speak to Bank S about the duplicate balance transfer fee.

Ms K came to us as she didn't think Tesco had treated her fairly or that it had taken into account that she was a pensioner receiving treatment for breast cancer.

Our Investigator thought Tesco had responded fairly to Ms K's complaint. It had been entitled to decide not to make the payment to Ms K's bank account. She thought its payment of £30 compensation was fair. Ms K didn't agree and asked for an Ombudsman's 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.

I've been sorry to read that Ms K was receiving treatment for breast cancer at the time she made the balance transfer to Tesco in error. She has explained about her hospital treatment and I've no doubt it was a difficult and stressful time for her.

My role is to consider whether Tesco responded fairly to Ms K's complaint. I am sorry to disappoint Ms K again but I think it did. I'll explain why, focusing on what I see to be the key issues.

Tesco quickly accepted that it had made a mistake when it didn't process the balance

transfer refund immediately. It paid Ms K £30 compensation for her inconvenience in having to contact it again. I think this was a fair and reasonable response.

I understand Ms K is unhappy that Tesco didn't refer directly to her breast cancer treatment when responding to her complaint. But I think it did take this into account when it referred to her "*current situation*".

Ms K says Tesco didn't explain why it could not refund the mistaken balance transfer payment to her bank's current account, from which she made payments to Tesco. She points out that it made the compensation payment directly to her current account.

I can see Ms K's point but I think the payment of compensation is different from the balance transfer payment. Tesco was paying the compensation directly to Ms K's current account. But the balance transfer originated from a different sender. It is usual and good banking practice for a mistaken payment to be returned to the account from which it originated.

I appreciate Ms K had made Tesco aware of her cancer and her treatment. But I don't think Tesco was required to refund the mistaken balance transfer payment to her current account rather than to her credit card account with Bank S, from where the payment was made.

Ms K has explained that due to her limited income it is difficult for her to afford a second balance transfer fee of £60. In my view, Tesco reasonably suggested she could talk to Bank S about that. But I don't think I can fairly say Tesco should be responsible for the duplicate fee, because this was not incurred due to any error by Tesco.

My final decision

Despite my natural sympathy for Ms K, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 4 October 2024.

Amanda Maycock
Ombudsman