

The complaint

Mr J complains Tesco Personal Finance PLC trading as Tesco Bank is holding him liable for approximately £2,000's worth of transactions he didn't carry out or authorise.

What happened

Mr J had a credit card issued by Tesco Bank. His account was opened on 1 August 2022 and was closed recently.

Mr J says Tesco Bank called him in September 2022 about possible fraud on his card. He says Tesco Bank didn't call him back having said that it would investigate, and it ultimately said that it was going to hold him liable for approximately £2,000's worth of transactions carried out using Apple Pay. He says he's never used Apple Pay. In the course of its investigation Tesco Bank asked Mr J to send proof of identity and address – which he says he did. Tesco subsequently closed his account – saying he didn't. Mr J complained about Tesco Bank's handling of the disputed transactions and about Tesco closing his account.

Tesco Bank looked into Mr J's complaint and said that it accepted that it hadn't handled his claim as well as it could have done – for example, it hadn't always called him back when it had said it would do – so it offered him £50 in compensation. Tesco Bank didn't, however, agree that it had acted unfairly when it said it was going to hold him liable for the disputed transactions. Mr J was unhappy with Tesco Bank's response and complained to our service.

One of our investigators looked into Mr J's complaint and said Tesco Bank hadn't acted unfairly. Mr J was very unhappy with our investigator's recommendation. He sent evidence showing, for example, that he was abroad when Tesco Bank says a new card was sent out to him and that he used a card ending 4698 when he returned to the UK proving that this was the active card at the time of the disputed transactions. He asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed on to me.

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.

Last month I issued a detailed provisional decision in which I explained why I didn't think it ultimately mattered in this case who set up the Apple Pay. That's because I was satisfied that Mr J had spoken to Tesco Bank sometime between 28 August and 2 September 2022 and had told Tesco Bank, when it asked, that he hadn't set up Apple Pay. He did so before the disputed transactions – all of which were done using Apple Pay – took place. Despite this, Tesco Bank didn't cancel the Apple Pay until 13 September 2022 meaning the Apple Pay automatically transferred over to the new card Tesco Bank issue. In the circumstances, I said Tesco Bank should refund the transactions Mr J has disputed as they wouldn't have been possible had Tesco Bank cancelled the Apple Pay when Mr J first confirmed he'd not set it up.

In my provisional decision, I also said that I was satisfied Tesco Bank had handled Mr J's

dispute poorly and that this had caused him additional distress and inconvenience. I said I was minded to award £200 in compensation.

Both parties were invited to respond to my provisional decision. Mr J accepted my provisional decision. Tesco responded too saying, amongst other things, that its records didn't show that Mr J had called them until 10 September 2022. In other words, until after the disputed transactions had been carried out. Tesco said in its response that it accepted that it wouldn't be fair for it to hold Mr J liable if he had spoken to them when he claimed. In its response, Tesco Bank also corrected a number of statements it has made in the course of us investigating this complaint. That's not the first time that Tesco Bank has provided us with information in the course of this complaint that it's subsequently confirmed wasn't correct. And, as I mentioned in my provisional decision, I can also see that Tesco Bank has made a number of errors in this case – ones it has since accepted.

Mr J has said throughout this complaint that he spoke to Tesco Bank in the first week of September 2022 and told them that he'd never set up Apple Pay. I can see from the evidence that Tesco Bank has sent us that before Mr J spoke to them it had concerns that his card had been compromised – these concerns led to Tesco Bank cancelling his original card and issuing a new one. Tesco Bank allowed the Apple Pay that had been set up to transfer over to that new card – despite the compromise concerns being around the time the Apple Pay was set up. Mr J hasn't been able to send us much evidence corroborating what he's said – he's told us that he called Tesco Bank from his landline – but on balance in this case I consider Mr J's evidence has been more consistent and reliable. I, therefore, remain of the view that Tesco Bank hasn't done enough in this case to show that it acted fairly. I've taken into account the other mistakes Tesco Bank has made – including ones that it's since accepted – and the number of times Tesco Bank has provided inaccurate information which it's then had to correct. In this case I do think there's more that Tesco Bank could and should have done.

Putting things right

In my provisional decision, I said that I was minded to uphold this complaint and require Tesco Personal Finance PLC to refund the transactions Mr J has disputed – totalling £2,401.55. In addition, I said that I was minded to require Tesco Personal Finance PLC to pay Mr J £200 in compensation for the distress and inconvenience its handling of his dispute caused. I remain of that view. So, that's the award I'm going to make.

My final decision

My final decision is that I'm upholding this complaint and require Tesco Personal Finance PLC to refund the transactions Mr J has disputed – totalling £2,401.55. Tesco Personal Finance PLC should refund the transactions by reworking Mr J's credit card and refunding any resulting credit balance to Mr J along with 8% per annum simple interest. In addition, I require Tesco Personal Finance PLC to pay Mr J £200 in compensation for the distress and inconvenience its handling of his dispute caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 17 October 2024.

Nicolas Atkinson
Ombudsman