

The complaint

Mrs S complains that Tesco Personal Finance PLC did not explain the consequences of putting her loan repayments on hold and provided poor customer service.

What happened

Mrs S says Tesco agreed to put her loan repayments on hold when she became the carer for her son. She says that after four months Tesco said it could no longer keep the loan on hold and that she'd have to also repay the arrears within 12 months to avoid a default. Mrs S says this was not explained to her at the outset and when she said she wanted to raise a complaint, she says she had to chase several times to get a response. She says that, despite being promised a dedicated case handler, this never happened, and she had to repeat herself each time she called. Mrs S adds that when Tesco finally responded, it hadn't addressed all her issues and then did not contact her as promised. Mrs S says she is in a very vulnerable and anxious situation, and this has impacted the whole family.

Tesco says that it agreed to put a hold on Mrs S's loan repayments until 27 May 2024. During this time, Tesco says, the arrangement needed to be reported on Mrs S's credit file and, if the account was not brought back up to date, a default notice would be issued. It explained that once the hold expired, it needed to go through an income and expenditure analysis to set up an affordable repayment plan going forwards, which would also be reflected on the credit file. Tesco agreed that the service it provided during Mrs S's call on 27 April 2024 could have been better and offered her £25 for this. It also accepted that Mrs S did not receive a call back when promised and paid her £50 for this.

Mrs S did not consider this was an acceptable resolution.

Our investigator did not recommend the complaint should be upheld. She found Tesco had explained the impact on Mrs S's credit file and had accepted there were some customer service issues.

Mrs S responded to say, in summary, that Tesco had put her further into debt, knowing she was unable to work and despite her being a long-standing customer. She added that she had to chase for responses, never received the promised call-back, and didn't have a dedicated case handler.

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 understand that, due to severe injuries to her son in April 2023, Mrs S gave up her job in order to care for him. At the time, Mrs S was repaying a five-year Tesco loan that she'd taken out in March 2020 and began to struggle to repay it in January 2024.

Whilst I have the utmost empathy with the situation in which Mrs S found herself, I need to consider whether Tesco should have done anything differently in the circumstances of the complaint.

Mrs S first called Tesco about her financial difficulties on 25 January 2024 and agreed to a one-month hold on the repayments as she said she had a job lined up, but no agreed start date. Tesco explained that no additional fees or interest would be applied, but that she should bring the account back up to date as soon as possible, but within 12 months. It further outlined that the missed payment would be reported on Mrs S's credit file.

Mrs S then requested further 30-day holds in calls during February, March and April 2024. I have listened to the calls and there was no evidence that Tesco gave Mrs S incorrect or misleading information about the repayment of her arrears or the effect on her credit file.

That said, I acknowledge that Mrs S complained about the tone of the call in April and Tesco has agreed it could have been handled better. I find that the £25 it paid for this was reasonable.

On 22 May 2024, Mrs S called Tesco to offer £100 per month towards her arrears but complained that she'd not been told the arrears would need to be paid within 12 months. I cannot agree that was the case, given what was said on the previous phone calls, and I don't find Tesco made a mistake in that respect.

I have seen evidence to show that Mrs S did not receive a call back when she was promised, but I find the £50 that Tesco has paid her for that is fair.

In summary, I can see that each time Mrs S requested a hold on her account, she said it would be for that month only. I find Tesco acted positively and sympathetically, given Mrs S's financial difficulties, however, such a request is only suitable for short-term payment issues. Therefore, I don't consider Tesco acted unreasonably when it told Mrs S it couldn't put a hold on her account for a fifth consecutive month and offered a repayment plan instead.

I'm also satisfied that Tesco explained the effect on Mrs S's credit file of the ongoing hold and, as it has an obligation to report accurate information to the credit reference agencies, I can't conclude it did anything wrong.

Finally, although I acknowledge what Mrs S says about the way in which her complaint was handled, this service does not have the power to consider complaint-handling as it's not within our jurisdiction.

My final decision

My decision is that Tesco Personal Finance PLC should pay Mrs S a total of £75, as it has already done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 December 2024.

Amanda Williams
Ombudsman