

## **The complaint**

Mr J complains that Tesco Personal Finance PLC trading as Tesco Bank (Tesco) sent him unclear correspondence about his credit card. This caused him to unnecessarily transfer his balance to another credit card.

## **What happened**

On 3 December 2022 Mr J transferred his credit card balance to a new credit card with Tesco. He took advantage of a 27-month interest free balance transfer offer. There was also a 9-month interest free period offered for money transfers, but Mr J had no need of this.

On 15 August 2023, Tesco wrote to Mr J to let him know the promotional period for any money transfers was coming to an end soon.

Mr J found this information confusing and on 8 September 2023 he attempted to call Tesco. The lines were busy at the time he called, and the message given by Tesco was to call back at another time. But this wasn't convenient for Mr J.

On 27 September 2023 Mr J made the decision to transfer the balance he had with Tesco to a new credit card with a promotional rate of 0% on balance transfers for 29 months.

In November 2023 Mr J's husband got a similar letter from Tesco, so Mr J called to query this. In this call he learned the correspondence was only in relation to money transfers and not balance transfers.

Unhappy with the communications he received, Mr J complained to Tesco about this. Tesco didn't uphold Mr J's complaint, so Mr J referred the matter to this service. He said that the information Tesco provided was unclear, it didn't help him understand what deal was coming to an end or help him to make an informed decision about what to do next.

Mr J has said the unclear communication led to him transferring his balance unnecessarily, incurring costs and that this has had an impact on his credit file. He would like Tesco to reimburse the costs he's incurred and change the way it communicates with customers.

Our investigator agreed that the communication from Tesco wasn't as clear as it could have been, and recommended Tesco pay Mr J £100 for the inconvenience caused. Tesco didn't accept the investigator's view and so the case has been passed 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.

Having done so, I reached the same outcome as the investigator but for slightly different reasons. I issued a provisional decision saying:

*“As with any financial service provider, Tesco has a duty to communicate with its customers in a way that’s clear, fair, and not misleading.*

*Looking at the letter Tesco sent to Mr J, I can see it refers to the end of the promotional period for a money transfer. But I can’t see that Mr J ever completed a money transfer. For Mr J to have benefited from the promotional rate for money transfers, he needed to complete this transfer within 90 days of opening the account. I’ve seen no evidence to suggest that Mr J did this or attempted to do this.*

*So, as Mr J hadn’t made a money transfer, it doesn’t seem reasonable for Tesco to send communications to Mr J about a promotion he hadn’t used. I don’t think it’s unreasonable for customers to expect to receive communication that is relevant to the service that’s being provided. So, I can understand why Mr J conflated money transfers with balance transfers and took Tesco’s communications as an indication that he needed to take action.*

*I’ve considered what Mr J has said about being out of pocket and on the impact to his credit file. However, I can see he was consistently making the minimum payment to the account, which wouldn’t have been sufficient to clear the balance by the end of the 27-month interest free period. I can also see that when Mr J thought the promotional rate was ending with Tesco, he chose to do a further balance transfer to a new credit card.*

*So, on balance, I think it’s more likely than not, at the end of the promotional offer with Tesco, Mr J would have had an outstanding balance and he would have transferred this to another provider. This would have most likely resulted in a fee and a search on his credit file. Given this, I don’t think it would be fair to ask Tesco to reimburse him for these costs or compensate him for any impact to his credit file. But I do agree that Mr J has suffered some inconvenience as a result of the communications Tesco sent.*

*In considering this complaint, I’ve referred to the regulator’s Consumer Duty, set out in the Principles for Businesses (PRIN) in the Financial Conduct Authority Handbook. The duty was introduced in July 2023 with an overarching requirement that “a firm must act to deliver good outcomes for retail customers”. Under the duty a firm must enable and support retail customers to pursue their financial objectives - in particular, PRIN 2A.5.7 says:*

*In supporting the understanding of retail customers through its communications, a firm should:*

*(5) provide relevant information with an appropriate level of detail, to avoid providing too much information such that it may prevent retail customers from making effective decisions.*

*I’m satisfied Tesco sent Mr J the letter about money transfers after 31 July 2023. So, the Consumer Duty applies here, and taking everything into account, I’m not persuaded Tesco provided either the relevant or appropriate level of information to Mr J.*

*The letter Tesco sent to Mr J didn’t set out the amount that remained due under the promotion that was ending. I also can’t see Mr J’s statement sets out that there was nothing owing for a money transfer – it’s silent on the point. So, if Tesco believe it’s necessary to send this letter to customers who haven’t completed a money transfer, I’m not persuaded the right level of detail has been provided.*

*However, I’m not satisfied it was necessary for Tesco to send the letter at all. As Mr J hadn’t used the money transfer facility, I can’t see there was a need to write to him about the end of*

*this promotion. On the evidence available, the letter wasn't relevant to Mr J and his use of the credit card. Receiving the letter clearly caused him avoidable confusion and ultimately prevented him from making an effective decision about his credit card balance.*

*In this case Tesco provided too much information to Mr J that wasn't relevant to him and his use of the product. Had it only provided relevant information to Mr J, this situation and Mr J's confusion could have been avoided.*

*On that basis, I don't think Tesco has done enough here to meet the Consumer Duty requirements to support Mr J and has caused him inconvenience as a result.*

### ***My provisional decision***

*For the reasons set out, I think it's fair and reasonable for Tesco to pay Mr J £100 compensation for the inconvenience he suffered."*

Mr J responded to let us know he accepted my provisional decision and Tesco responded to say they didn't agree with my findings. Tesco said that taken in conjunction with the credit agreement and statements the letter sent to Mr J on 15 August was clear. It also pointed out that it didn't give financial advice and its phone lines were open 8am – 6pm should Mr J have needed clarification. But this doesn't satisfy me that the communication with Mr J about the money transfer was necessary.

I've carefully considered all the available evidence and Tesco's further comments. But I haven't seen any new evidence that would make me depart from my provisional decision. On the evidence available and for the reasons set out, I'm not persuaded Tesco has done enough to meet the Consumer Duty requirements to support Mr J and has caused him inconvenience as a result.

### **My final decision**

My final decision is that I uphold this complaint and require Tesco Personal Finance PLC trading as Tesco Bank to pay Mr J £100 for the inconvenience he's suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 8 January 2025.

Charlotte Roberts  
**Ombudsman**