

## **The complaint**

Miss D complains that Tesco Personal Finance Limited trading as Tesco Bank irresponsibly lent to her.

## **What happened**

Miss D applied for a Tesco credit card in August 2023, and her application was accepted. She was given a £8,500 credit limit. Miss D says that Tesco were irresponsible in approving this credit limit as she was on maternity leave at the time she applied for the account, and she wasn't receiving her normal income. She also had missed repayments on a credit card, and she had a default showing on her credit file. Miss D made a complaint to Tesco.

Tesco asked Miss D for her bank statements prior to the application being approved, and after Miss D provided these, they upheld her complaint, refunded interest and charges which had been applied to her account since opening (they also applied a waiver to her account to stop these also being applied in the future). They said a £100 fixed repayment had been set up, and they said their financial assist team could assist her regarding any impact this may have on her credit file. Miss D brought her complaint to our service.

Our investigator did not uphold Miss D's complaint. She checked with Tesco that any adverse information would be removed from Miss D's credit file when she repaid the outstanding balance on the account, and Tesco confirmed that was correct.

Miss D asked for an ombudsman to review her complaint. She said Tesco had provided her with a lack of support in providing her details to make repayments. Miss D said Tesco have not confirmed what her credit limit should have been when it was offered, only that they had irresponsibly lent to her.

## **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.

Miss D has made a new separate complaint regarding other issues such as making repayments to Tesco, and the lack of support that they have provided to her. So I must make Miss D aware that I'll only be able to look into the original complaint she made to Tesco regarding irresponsible lending as part of this outcome. If Miss D is not satisfied with the response from Tesco regarding her separate complaint, then she may be able to bring this to our service also, as long as she does so within the allowed timescales.

Tesco have upheld Miss D's complaint for irresponsible lending, so what I would expect them to do here is to refund any charges/fees/interest that they applied to Miss D's account from opening. I can see that they did this on 13 September 2024.

Tesco have confirmed that once the outstanding balance is repaid then they will remove any adverse information about the account from Miss D's credit file. So Tesco have provided redress for this complaint in line with what our service would have instructed them to do if

they hadn't upheld her complaint and our service did uphold her complaint. Although I would like to remind Tesco of their responsibilities to ensure that any agreed repayment plan needs to be affordable for Miss D.

I've considered what Miss D has said about Tesco not confirming what her credit limit should have been when it was offered. But I must make Miss D aware that it is not the role of this service to ask Tesco to retrospectively tell her what credit limit (if any) they should have offered her if they had seen her bank statements before approving her application.

I have seen the checks that Tesco completed prior to Miss D's application. The information shows Miss D told Tesco she was full time employed, with an annual income of £35,000. So Tesco would have based their checks off the information she provided them. There was no indication from the application data that Miss D was actually on maternity leave, or that she wasn't earning as much income as she declared on her application.

I can also confirm to Miss D that the data from the Credit Reference Agency (CRA) that Tesco used showed there were no arrears on any of her accounts, she hadn't defaulted on an account, and there were no County Court Judgements (CCJ's) showing on her credit file prior to her application being accepted.

Miss D's debt to income ratio was showing as 5.9% so it wouldn't appear to Tesco that she was overindebted, and I can see she had revolving balances (such as credit card balances) totalling £4,107. The type of credit card Miss D applied for was a low fee balance transfer card. Which may indicate to Tesco that Miss D was looking to restructure her credit card debt to pay less interest.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress that Tesco have carried out results in fair compensation for Miss D in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case. So it follows I don't require Tesco to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 31 January 2025.

Gregory Sloanes  
**Ombudsman**