

The complaint

Mr R complains that Tesco Personal Finance Limited trading as Tesco Bank allowed him to exceed his credit limit with a money transfer.

What happened

Mr R processed two money transfers on consecutive days on the Tesco application (app). But as the app takes two working days for the available balance to update, which he says he didn't know, the app didn't calculate the fees, so he had to make a repayment to his account as he exceeded his credit limit. Mr R made a complaint to Tesco.

Tesco did not uphold Mr R's complaint. They said Mr R had made a previous complaint about a similar issue, and the app was updated in July 2024, to ensure customers were warned about the available balance on the account. They said due to his previous complaint, he was aware that there was a possibility of going over his credit limit, but he still proceeded with the money transfer. Mr R brought his complaint to our service. He said there was no warning box to state he would be going over his credit limit.

Our investigator did not uphold Mr R's complaint. He said Mr R would've been aware of his balance prior to commencing the money transfer, and therefore, he understood that the fee had not yet been deducted from his available balance for the first money transfer. He said he could also see that Mr R had a previous complaint about exceeding his credit limit prior to the app being updated, therefore Mr R should have been aware that he didn't have the required funds to complete the second transfer.

Mr R asked for an ombudsman to review his complaint. He made a number of points. In summary, he said the warning message was not shown on the app, and his available balance was showing higher than his remaining balance.

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.

Firstly, I'm aware that I've only summarised Mr R's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Mr R is adamant that he didn't receive the warning *"Amount available to transfer is lower than shown. This is because the fees from your earlier transfers can take up to 2 working days to be deducted"* on the app.

So I asked Tesco some further questions about the update to the app, and what their systems show Mr R's operating system was that he was using. Based on my investigations, I'm satisfied that the warning message didn't appear for Mr R.

I say this because although one operating system was updated on 18 July 2024, and for a different operating system on 14 October 2024 (this date was after Mr R's money transfers were processed), the warnings would only appear if the user had updated the app to the newer version.

From the information Tesco have told me, it appears that Mr R only updated his app on 30 October 2024, so he wouldn't have seen the warnings prior to this. Mr R should now see the warning on the app if he processes money transfers in the future which would result in him exceeding his credit limit (albeit Tesco have confirmed they would still allow the transfer to be processed if the user wanted it to be processed). If Mr R can't currently see this warning, then I would encourage him to update his app to the most current version, and he may want to check he has the most up to date version of the app prior to processing any future money transfers.

But while I'm satisfied that Mr R didn't see the warning as his app was not up to date, he ought to have been aware that Tesco had a known issue with the app as he was told from his previous complaint, which an investigator at our service sent him on 27 September 2024 – which was only a couple of weeks prior to him completing the money transfers that Tesco *“accept there is a known issue with their app since the balance isn't updated to reflect pending fees for balance or money transfers processed on the same day.”*

So I'm satisfied that Mr R ought to have been reasonably aware that when he made his second money transfer, that there would be a possibility that the fees for the first money transfer the day earlier hadn't been deducted yet. And therefore it would not be proportionate for me to ask Tesco to refund a proportion of the fees which caused him to exceed his credit limit, as Mr R could have mitigated what happened here, based on what he had previously been told.

I've considered what Mr R has said about his available balance being higher than his remaining balance. But this can occur when transactions have not fully been posted/cleared to his account. For example, fees not debiting his account. If Mr R has any concerns for any future money transfers he processes, the warning should rectify this. He would also be able to contact Tesco to double check with them if he would exceed his credit limit as a result of any money transfer he wants to complete if he is in any doubt. Or to check with them why his available balance is different than his remaining balance. But 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 Mr R to accept or reject my decision before 6 March 2025.

Gregory Sloanes
Ombudsman