

## **The complaint**

Mrs F complains Tesco Personal Finance plc trading as Tesco Bank (Tesco) failed to carry out sufficient checks before it agreed a credit card facility and subsequently increased the credit limit on that card.

## **What happened**

Mrs F says she applied for a credit card with Tesco in November 2018 and was already experiencing financial difficulties at that time. Mrs F feels the credit card facility shouldn't have been provided to her as Tesco were aware about previous defaults and late payments from her credit file.

Mrs F wants all interest and charges refunded with 8% simple interest and any adverse entries on her credit file removed.

Tesco says Mrs F applied for a foundation card which is designed to rebuild/repair consumers credit rating. Tesco says it initially agreed a modest limit of £250 and had considered at that time previous defaulted accounts, but this wouldn't preclude a credit limit being approved on this type of card.

Tesco's says when the subsequent limits were approved although there had been some late payments these had been settled within a few days and no further adverse data was reported on Mrs F's credit file. Tesco says during this time the credit card account was being managed well.

Mrs F wasn't happy with Tesco's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt based on the information Mrs F had provided in her application and the credit checks Tesco undertook, there was no indication to suggest the credit card facility was unaffordable. The investigator concluded that Tesco had undertaken proportionate checks before it granted the initial credit card facility of £250 and the two subsequent credit card limit increases to £600 and £900.

The investigator says Tesco had shown there had been no further defaults or CCJ's registered over this time and felt it hadn't acted unfairly when it provided the credit card facility and the two subsequent credit limit increases.

Mrs F didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

## **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 won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear of Mrs F's health issues and this coupled with her financial problems must be a worry for her. When looking at this complaint I will consider if Tesco acted irresponsibly when it provided a credit card facility for Mrs F in November 2018 and subsequently approved two credit limit increases.

Mrs F's complaint centres around the fact Tesco should have carried out more stringent checks before approving a credit card facility for her in November 2018 and two further increases in her credit limit in January 2020 and April 2020. Mrs F feels if Tesco had carried out more thorough checks it would have seen she was experiencing financial difficulties, and the new credit card was unaffordable.

I understand the points Mrs F makes here but I'm not fully persuaded by her argument. I say this for a number of reasons, firstly it's worth pointing out there are no set rules as to what checks a business must carry out before it provides credit facilities other than it should consider the amount, term, and affordability before doing so.

Here it's also worth saying the credit card provided by Tesco in 2018 with a limit of £250 was a "foundation credit card" that allows customers to rebuild and repair their credit file. So, with that in mind a less than perfect credit history wouldn't be the sole reason why Tesco would decline Mrs F's application – after all that's the purpose in part, behind this type of credit card.

From the information I have seen before the credit limit of £250 was approved by Tesco in November 2018, Mrs F confirmed her monthly net income as £1,900, it then carried out its standard credit checks which showed there were no CCJ's outstanding, and considered what other financial commitments Mrs F had in place and while there were two historic defaults, these dated back more than two years. With that in mind I'm satisfied Tesco carried out reasonable and proportionate checks before it approved the modest £250 credit limit.

As far as the two further credit limit increases are concerned - £600 in January 2020 and £900 in April 2020, these increases were approved after over 12 months of the credit relationship and this fits in with the "build and repair" ethos for what the credit card is designed.

Again before both of these credit card increases, I can see Tesco carried out further credit checks which showed no issues such as defaults, arrears or CCJ's and any late payments on her Tesco credit card were quickly brought up to date and overall her account was well managed. It's also fair to say here from the information I have seen there were no obvious signs of Mrs F struggling to meet her financial commitments.

So on balance, I am satisfied Tesco did take reasonable and proportionate steps before it approved the initial credit card and the two subsequent credit card limit increases.

While Mrs F will be disappointed with my decision, I won't be asking anymore of Tesco other than it looks to provide forbearance and support to her and considers Mrs F's financial position positively and sympathetically.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 8 May 2025.

Barry White  
**Ombudsman**