

The complaint

Miss K has complained about Tesco Bank Personal Finance Limited trading as Tesco Bank defaulted her account despite her informing the bank of her financial difficulties.

What happened

Miss K held a credit card account with Tesco Bank. Miss K missed her contractual monthly repayment in February, March and April 2024. Tesco Bank issued a Notice of Sums in Arrears (NOSIA) in April 2024.

In May 2024, Tesco Bank discussed Miss K's financial difficulties with her –Tesco Bank understood Miss K to have a monthly disposable income of £839. So, the bank said it could not offer Miss K a repayment plan as she had enough disposable income to repay the current arrears.

As Miss K made no further payment, Tesco Bank issued a default notice on 20 June 2024, which said Miss K must repay the arrears by 17 July 2024 to avoid the default. Miss K repaid £50 on 8 July 2024. And in July 2024, Tesco Bank sent Miss K a further "termination notice", which said her account had been terminated and her account would be defaulted unless the full balance was repaid within five days.

In September 2024, Miss K complained to Tesco Bank about what had happened. Tesco Bank issued its final response to Miss K in November 2024, saying it would not remove the default from her account.

Unhappy with Tesco Bank's actions, Miss K referred her complaint to our service. Miss K said Tesco Bank had used the wrong figures when assessing her income and expenditure. But having listened to Miss K's call with Tesco Bank in May 2024, our Investigator said Tesco Bank had used the figures provided by Miss K. Our Investigator thought Tesco Bank was entitled to record the account as in default.

In response, Miss K said Tesco Bank should not have defaulted her account – Tesco confirmed it failed to send her a NOSIA in January 2024, and it had refunded £62.83 of interest and charges applied since 15 February 2024 as a result. Miss K thought Tesco Bank was in breach of the law by not offering her a repayment plan and said she did not receive a default notice from Tesco Bank.

Our Investigator remained of the view Miss K's complaint should not be upheld, and Miss K remained unhappy, so this was referred to me for a 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've not upheld this complaint. I'll explain why.

The Information Commissioner's Office sets out guidance that a creditor should default an

account once three to six months of arrears have accrued. Here, Miss K's account was three months in arrears by May 2024.

I've listened to Miss K's call with Tesco Bank in May 2024 and her disposable income was discussed with her. So, I don't think the evidence shows Tesco Bank made an error when recording Miss K's disposable income.

On the call, Miss K thought she could bring the account up to date by 8 June 2025. But the account was not brought up to date, and it was more than three months in arrears by the time Tesco issued a default notice. And as the outstanding balance was not cleared, I think Tesco Bank was entitled to default the account. Tesco Bank is obliged to ensure Miss K's credit file is an accurate reflection of the account's position, so I don't think it's obliged to remove the default from her credit file.

Miss K says Tesco Bank should have offered her a repayment plan. But Miss K confirmed her disposable income with Tesco, which suggested she could afford to clear the arrears. And as I said above, Miss K said she could bring the account up to date by 8 June 2025, which suggests a plan wasn't needed. But in any event, even if Tesco had agreed a repayment plan, Miss K didn't make any further repayments to the account after speaking to the bank. This doesn't suggest she would have kept to a repayment plan.

Miss K says she didn't receive the default notice. But I'm satisfied the default notice was correctly addressed, and I note Miss K received other letters from Tesco Bank, so I don't think Tesco Bank is responsible if Miss K did not receive it. And even if Miss K had received the default notice, she has said she wasn't able to bring the account up to date so it's likely the account would still have defaulted.

Miss K says Tesco Bank didn't issue a NOSIA in January 2024, so it shouldn't have defaulted her account. But it did send Miss K notice her account was in arrears, and it sent a NOSIA in April 2024. So, I'm satisfied Tesco Bank sent Miss K was sent a NOSIA, as should have done, before her account was defaulted. Tesco Bank has refunded interest and charges as it didn't send a NOSIA in January 2024, so I don't think further action is needed.

My final decision

I realise my decision will disappoint Miss K, but I have not upheld her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 7 May 2025.

Victoria Blackwood

Ombudsman