

The complaint

Mr F complains that Tesco Personal Finance Limited trading as Tesco Bank was irresponsible in its lending to him. He wants all interest and charges refunded along with statutory interest and any adverse information removed from his credit file.

Mr F is represented by a third party but for ease of reference I have referred to Mr F throughout this decision.

What happened

Mr F was provided with a Tesco Bank credit card in November 2022. The initial credit limit was £1,900 and this wasn't increased. Mr F said that proportionate checks weren't carried out before the credit was provided.

Tesco Bank issued a final response to Mr F not upholding his complaint. It said that its lending decision was based on the information received through the application and from the credit reference agencies. It explained that Mr F's application was assessed against its lending criteria and an affordability assessment was undertaken. It said that Mr F's declared income was verified using credit reference agency data and that his credit check didn't record any adverse information.

Mr F referred his complaint to this service.

Our investigator didn't uphold this complaint. She was satisfied that the checks carried out before the credit was provided were proportionate. As these suggested the credit to be affordable, she didn't think that Tesco Bank was wrong to provide this.

Mr F didn't accept our investigator's view. He said evidence hadn't been provided to show his income had been verified.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr F was provided with a credit card with a credit limit of £1,900. Before the credit was provided, information was gathered about Mr F's employment and income, his residential status and a credit check was carried out. Mr F declared an annual income of £57,000 and a monthly net income of £2,600 and Tesco Bank said this was verified with credit reference

agency data. His credit check showed he had total existing debts of £19,262 (£17,346 of loans and £1,950 of revolving balances) and his monthly repayments for these were £464. Mr F had no defaults of county court judgments recorded and he was up to date with his commitments.

I note the comment Mr F has made about the income verification, but Tesco Bank has confirmed this happened and I don't have anything to suggest this wasn't the case. I also do not find that the information provided raised concerns that meant Tesco Bank shouldn't have relied on the declared income figure. Given the size of the credit being provided and the resulting repayments compared to Mr F's income, and given his credit check didn't raise concerns, I find the checks carried out before the credit was provided were proportionate.

However, just because I think the checks were proportionate it doesn't necessarily mean the lending should have been provided. To assess that, I have looked at the information received through the checks to see if this should have raised concerns about the lending. Mr F's credit commitments taken from his credit report didn't suggest he was overindebted. The repayments to his credit commitments were deducted from his income along with estimated amounts for his living costs and housing costs (Mr F had said he was a private tenant). After deducting these amounts, Mr F was still left with sufficient disposable income for the credit limit of £1,900 to be considered affordable. Therefore, I do not find I can say that Tesco Bank was wrong to provide the credit card account.

I've also considered whether Tesco Bank acted unfairly or unreasonably in some other way given what Mr F has complained about, including whether its relationship with him might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Tesco Bank lent irresponsibly to Mr F or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

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 Mr F to accept or reject my decision before 12 June 2025.

Jane Archer
Ombudsman