

## The complaint

Mrs S complains that Barclays Bank UK PLC trading as Tesco Bank failed to issue a notice of sum in arrears (NOSIA), defaulted her credit card account and passed it to a debt purchaser.

Mrs S is represented by Mr R but for ease I'll refer to Mrs S.

## What happened

In June 2015, Mrs S took out a credit card with Tesco Bank. After falling into financial difficulty in 2017, Mrs S stopped making payments towards the account.

Tesco Bank wrote to Mrs S in August and September 2017, and as the arrears weren't cleared, it defaulted the account and terminated the agreement shortly after. It then passed the account to a debt purchaser in January 2019.

In October 2024, Tesco Bank advised Mrs S that it hadn't sent her a NOSIA in July 2017, and as this wasn't sent, it shouldn't have charged her interest and default fees between August 2017 and October 2024. To put things right, it said it refunded the interest and default fees it charged and the legal costs incurred by Mrs S when the debt purchaser took legal action. It confirmed this totalled £476.62 and the amount Mrs S owed to the debt purchaser was reduced by this figure.

Following this letter, Mrs S complained to Tesco Bank. She said that since it failed to provide a NOSIA, all subsequent decisions became illegal, including a county court judgment (CCJ) registered against her.

Tesco Bank explained that the information Mrs S provided shows the CCJ was registered in July 2020, and her account was sold to a debt purchaser in 2019, therefore it didn't file the CCJ and stopped reporting the account to credit reference agencies. It also said it couldn't agree that not issuing the NOSIA in July 2017 would have prevented the default and termination of the account as it sent correspondence making Mrs S aware of the arrears and what she needed to do to prevent the account defaulting and terminating.

Our Investigator looked into matters and felt the refund was fair in the circumstances. They said Tesco Bank informed Mrs S about the status of her account as it issued a NOSIA in August 2017 and sent a notice of default in September 2017. Because of this, they didn't think Tesco Bank's failure to issue the NOSIA in July 2017 made a difference to what happened to Mrs S' account afterwards. They also said they were satisfied Tesco Bank had no involvement in the CCJ being registered as it didn't own the debt at the time.

Mrs S disagreed. She said, in summary, the Consumer Credit Act 1974 (CCA) states that if an NOSIA is not issued on time a creditor is barred from enforcing the agreement until the breach is remedied. She also feels the subsequent communications in August and September 2017 don't replace the statutory notice Tesco Bank failed to issue, and believes she would have brought the account up to date had she received proper notice.

As Mrs S remained unhappy, the case was passed to me to make 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.

I understand Mrs S feels very strongly about this complaint. I've carefully considered everything she's said, if I don't directly reference something in my decision it is not because I've not given this consideration. But I've focused on what I consider to be the crux of the complaint. This isn't meant as a discourtesy but reflects the informal nature of this service.

It may be helpful to explain that our role isn't to punish or penalise a business, that is the role of the regulator – the Financial Conduct Authority. Our role is to decide whether Tesco Bank has treated Mrs S fairly in all the circumstances of the complaint. And when considering what is fair and reasonable, I've taken into account the relevant laws and regulations, regulator's rules, guidance and standards and codes of practice and what I consider to have been good industry practice at the time.

I think it's worth noting that I'm not able to comment on the actions of the debt purchaser or another party within this decision. This complaint is against Tesco Bank so I can only consider its actions and if it treated Mrs S fairly. I understand Mrs S has referred to a county court judgment (CCJ) registered against her. The information she's provided about the CCJ suggests it was registered in July 2020. Tesco Bank has said it didn't file a county court judgment, and its system notes show Mrs S' account was passed to a debt purchaser in January 2019. So, from what I've seen, there's nothing to suggest Tesco Bank registered the CCJ against her, therefore I won't be addressing this point here. If Mrs S is unhappy with the actions of the debt purchaser, she would need to raise this separately.

Mrs S says that as Tesco Bank failed to issue a NOSIA in July 2017 any action following this is illegal. I'm unable to make a decision on whether Tesco Bank acted illegally – this would be up to a court to decide. So if Mrs S wants a judgment on this, she would need to pursue it via the courts.

Under section 86D of the CCA, if a creditor doesn't comply with its duty to send notices, the borrower has no liability to pay interest or default charges during the period of non-compliance. Tesco Bank has agreed it shouldn't have applied interest or charges as it didn't issue a NOSIA in July 2017 and refunded this and the legal costs it says Mrs S incurred following the sale of her debt. I've considered whether I think it needs to do more here, and I don't think it does.

Whilst I accept a NOSIA wasn't issued in July 2017, Tesco Bank has shown it sent a number of letters prior to terminating Mrs S' account. I can see it issued two letters in August 2017, one informing Mrs S it didn't receive her payment and if she doesn't clear the arrears or get in touch, it would issue a formal default notice. It also sent a NOSIA that month which detailed missed payments on her credit card account. Following this, Tesco Bank also issued a default notice in September 2017, which I'm satisfied clearly outlined that the agreement was in arrears, and the action Mrs S needed to take before termination of her agreement and the account being reported as defaulted.

Mrs S has told us that had she received the NOSIA in July 2017 she would have brought the account up to date. But I haven't seen any evidence to suggest Mrs S got in touch with Tesco Bank or made payment following the contact it made. I've seen that these letters were correctly addressed and issued to Mrs S' last known address. And following the Investigator's view Mrs S hasn't said she didn't receive them. So, I'm satisfied Tesco Bank

took appropriate steps to inform Mrs S of the status of her account and the consequences of not taking action. And I'm not persuaded Mrs S would have acted differently had she received the notice in July 2017.

I understand Mrs S doesn't think Tesco Bank acted fairly in defaulting the account. Tesco Bank has said the default is no longer reporting on Mrs S' credit file as it has been more than six years. Ultimately lenders have a duty to report information fairly and accurately to credit reference agencies. The statements show Mrs S was around four months behind on payments when the default notice was issued in September 2017. And as Mrs S didn't take action by the deadline set out in the notice, the default would have been an accurate reflection of the state of her account. So I don't think Tesco Bank did anything wrong in reporting it to the credit reference agencies at the time.

I appreciate Mrs S is also unhappy the account was passed to a debt purchaser. The terms and conditions of her account allow Tesco Bank to sell it to a third party at any point. This usually happens when the lender has decided the relationship has broken down and there's little prospect of recovering the debt. In this case, Tesco Bank took this action following its letters and default notice. Therefore, I don't think it acted unfairly or unreasonably in selling the account following the breakdown of its relationship with Mrs S.

Tesco Bank has agreed it made a mistake and told us it refunded a total of £476.62 to the debt purchaser, reducing the amount Mrs S owes. I know my decision will be disappointing for Mrs S and I'm very sorry to hear about her circumstances, but taking everything into account, I think this is a fair way to put things right so I won't be asking Tesco Bank to do anything more.

### **My final decision**

My final decision is that Barclays Bank UK PLC trading as Tesco Bank should reduce Mrs S' balance with the debt purchaser by £476.62 if it hasn't already done so. I think this is fair in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 9 January 2026.

Tania Henry  
**Ombudsman**