

## **The complaint**

Mr H has complained about the way Barclays Bank UK PLC trading as Tesco Bank dealt with his claim for money back in relation to a purchase he'd made using his credit card.

## **What happened**

The circumstances surrounding the complaint are well known to the parties so I won't go over everything again in detail. But, to summarise, Mr H used his credit card to buy a car for £1,495 in October 2024. Mr H said it was a gift for his son, but Mr H was also named on the insurance policy for it. The car was around 17 years old and had covered around 65,000 miles.

In February 2025 Mr H contacted Tesco Bank to put in a satisfactory quality claim. He said the car had started to develop issues towards the end of 2024 and within three months it developed a serious mechanical failure that effectively rendered it unusable because the head gasket had failed and it was uneconomical to repair. The car had covered around 66,600 miles by this point.

Tesco Bank said it was too late to raise a chargeback, and it didn't consider the necessary relationships existed for a claim to be considered under section 75 of the Consumer Credit Act 1974 because the debtor-creditor-supplier ("DCS") agreement was broken in its view. This is because the invoice for the car was in Mr H's son's name.

Mr H didn't agree with the assessment and referred his complaint to the Financial Ombudsman.

One of our investigators looked into things but didn't make any recommendations. She thought the DCS agreement likely was intact, but given the age, mileage and cost of the car, she didn't think there was sufficient evidence to show it wasn't of satisfactory quality at the point of sale.

Mr H didn't agree with the assessment. He said the car began exhibiting warning lights and driveability issues in early December 2024, which was backed up by evidence of him buying parts in December (ignition coil and spark plug). He also said he purchased 2 sensors, one for coolant and one for the crankshaft position. He said this supports the view the fault was present if not developing at the point of sale. He said it wasn't plausible the car could go from being good to requiring an engine rebuild within such a short time when it had only driven around 1,500 miles. He said that sort of fault takes some time to develop. Mr H noted the investigator highlighted an MOT was completed at the point of sale, but that this was a test of roadworthiness as opposed to an assessment on the condition of the engine. Mr H said while the car was 17 years old and priced accordingly, this didn't remove the requirements under the Consumer Rights Act 2015 ("CRA") for it to be of satisfactory quality. Mr H also wanted to highlight he'd acted in good faith throughout and took reasonable steps to rectify the situation before concluding the fault was inherent.

As things weren't resolved, the complaint has been passed to me to decide.

## **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 want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr H and Tesco Bank that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to say I'm very sorry to hear that the car had issues not long after purchase. I can't imagine how Mr H and his son must have felt, but I thank him for taking the time to bring the complaint.

What I need to consider is whether Tesco Bank – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr H's request for getting money back. It's important to note Tesco Bank isn't the supplier. I've gone on to think about the specific card protections that are available. In situations like this, Tesco Bank can consider assessing a claim under section 75 or raising a chargeback.

It doesn't seem to be in dispute Mr H raised the claim more than 120 days from the date he bought the car, so I think any claim under chargeback for defective goods was out of time to raise.

Section 75 is a statutory protection that enables Mr H to make a like claim against Tesco Bank for breach of contract or misrepresentation by a supplier paid by credit card in respect of an agreement it had with him for the provision of goods or services. But there are certain conditions that need to be met for section 75 to apply. The value of the transaction falls within the financial limits. But Tesco Bank didn't think a DCS agreement was in place.

One of the conditions for a claim to be considered under section 75 is that the borrower (debtor) needs to have used the credit to pay the same company which they have a like claim against for breach of contract or misrepresentation. In this case, Mr H is the debtor and so he'd be the one who'd need to have a claim against the supplier for breach of contract or misrepresentation. But it was his son who's named on the invoice.

However, Mr H has said he bought the car as a gift for his son and paid for parts for the car. He's also named on the insurance for it. He's arguing he's also a contracting party. It doesn't seem like a situation where Mr H simply facilitated payment for his son. I think Mr H had more involvement than that. And on balance I think I agree the DCS agreement is likely intact because he was a joint contracting party. But given the overall findings I'm intending to make I'm not proposing to undertake a detailed analysis of that.

I've gone on to think about whether there was a breach of contract Tesco Bank could be liable for.

The CRA covers purchases like the one Mr H entered into. The CRA implies terms into the agreement that the quality of goods is satisfactory. The CRA says that the quality of the goods is satisfactory if they meet the standard a reasonable person would consider satisfactory – taking into account the description of the goods, the price or other consideration for the goods (if relevant) and all other relevant circumstances. For this case, I think the other relevant circumstances include the age, mileage and price of the car at the point of sale.

Mr H has put forward a comprehensive argument, and he's set it out well and coherently. I thank him for taking the time to do so.

On the one hand, it's not unreasonable Mr H was disappointed there was a significant fault with the car within a few months and having only driven around 1,500 miles. The CRA sets out that goods which do not conform to the contract at any time within the period of six months beginning with the day on which the goods were delivered to the consumer must be taken not to have conformed to it on that day unless it's established the goods did conform to the contract on that day or that the application is incompatible with the nature of the goods or with how they fail to conform to the contract. Mr H has also given credible testimony and supporting evidence that he was buying parts from around late 2024 and said there were warning lights. I think he's either taken steps to maintain the car or he sought a logical way to carry out repairs to the issues he was facing. And I agree that used goods like in this case are also covered by the implied terms from the CRA.

But on the other hand, the car supplied was 17 years old and had covered around 65,000 miles. I think there'd be very different expectations than if it was a brand-new car. The parts on the car were much more likely to have been road worn, and it would be reasonable to expect repairs and maintenance would be required sooner than for a newer model. It would be reasonable to assume that certain parts on the car might be nearing the end of their life after 17 years. And the price paid was reflective of its age and condition. Having carried out a price estimate, it looks like Mr H bought the car under the estimated market value (which came out at £1,877). I can't see Mr H supplied an advert to Tesco Bank that might've set out a bit more about the condition and service history of the car. The report Mr H obtained didn't specifically set out the fault was present or developing at the point of sale. It's not totally clear what parts Mr H replaced himself and/or whether anything else should have been done to mitigate when Mr H said warning lights appeared. The car was able to cover around 1,500 miles. There isn't supporting evidence of the faults Mr H said the car experienced in late 2024 other than his testimony, and that he paid for some replacement parts. And I note Mr H has now sold the car on, so further inspections would be impossible. It also limits the remedies he'd be able to seek (such as repair/rejection).

It's also important to highlight that I need to consider how Tesco Bank acted based on the evidence presented to it. Tesco Bank isn't expected to be a technical expert on all things that are bought using credit. It's reliant on the evidence presented. I'm not saying that something definitely hasn't gone wrong. And I do empathise with the situation. But, on balance, even putting aside its thoughts on DCS, I think Tesco Bank wouldn't have been unfair to have wanted to see more evidence that there was a breach of contract.

Overall, while I know Mr H will be unhappy, given I need to resolve this complaint quickly and with minimum formality, I don't find I have the grounds to direct Tesco Bank to pay him the damages he's seeking. But he is of course free to pursue the complaint by more formal means such as through the courts if he wishes.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 August 2025.

Simon Wingfield  
**Ombudsman**