

The complaint

Mr A is unhappy that Barclays Bank UK PLC trading as Tesco Bank (Tesco) won't remove the default on his account after acknowledging it had failed to send a Notice of Sums in Arrears (NOSIA) letter.

What happened

Mr A took out a credit card with Tesco. When his employment circumstances changed, he said he was unable to maintain his regular payments. Tesco agreed a repayment plan in December 2022, under which Mr A would make payments of £30.00 per month for five months. Tesco confirmed that no interest or fees would be charged during this period. However, Mr A did not make the agreed payments.

On 2 February 2023 Tesco issued a default notice to Mr A. On 3 March 2023, Tesco informed him that his credit card account had been terminated, leaving a balance of £1,235.05 outstanding.

Mr A raised a complaint on 20 April 2023, stating he was unaware that the account had defaulted and been terminated. He also said he was unaware that the debt had been sold - particularly as he had made a payment in April. He said he had been unable to make payments because the Tesco banking app wasn't working, and he didn't know he could make payments through an alternative way.

Tesco issued a final response on 24 April 2023, explaining that the account had been defaulted and terminated correctly, as Mr A had been in arrears since October 2022. Tesco said it had sent all relevant correspondence to the address it held on file and that it was Mr A's responsibility to ensure his contact details were kept up to date. It noted that there had been no contact from Mr A since December 2022 until it received his complaint, and as the correct process had been followed, no amendments would be made to his credit file. However, it arranged for the debt to be recalled from the third-party debt collection company to be managed directly by Tesco.

On 28 November 2024 Tesco wrote to Mr A after identifying an error during an internal review. It explained that due to a system error, a NOSIA letter hadn't been sent to him, as required under the Consumer Credit Act 1974. Tesco confirmed that while Mr A's statements clearly showed these missed payments, the failure to send that NOSIA meant it shouldn't have charged him interest or default fees between 10 February 2022 and the date of this letter (28 November 2024). The total for these charges was £362.69. As Mr A had already cleared the balance and settled the account, Tesco issued him a cheque for this amount.

Mr A argued that since Tesco had acknowledged this error and refunded the charges, the default recorded on his credit file should also be removed. When Tesco said it was unable to, Mr A made a further complaint.

Tesco issued its final response to this further complaint on 21 February 2025. It said that Mr A's account had been terminated because the terms of the agreement had been broken as he had failed to make the required monthly payments. Tesco said as it had previously

advised, it was unable to remove the default.

Unhappy with this response, Mr A referred his complaint to our service. He said the account defaulted because the interest payments were too high and were wrongly applied. He said the default had severely affected his life, as he was unable to get a mortgage or other financial products. He also noted that his credit file still showed a default balance of £1,235.05 which he said should be amended because Tesco had since refunded £362.69 in interest and fees.

An investigator reviewed Mr A's case but didn't uphold it. They explained that Tesco's refund of charges and default fees for not sending the NOSIA letter didn't mean the interest charges were incorrect, nor did it show that Tesco was responsible for Mr A falling behind with the payments. So, the investigator didn't think Tesco should remove the default based on its recent correspondence.

The investigator also noted that they couldn't consider issues about the default being applied, as it wasn't referred within six months of the final response letter, and Tesco didn't give consent. However, the investigator did say that the arrears arose because payments were not made, and they didn't consider Tesco made a mistake with the application of the default.

As Mr A remained unhappy, the case has been referred to me to make a final decision.

I issued a provisional decision which said the below:

What I've provisionally 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.

When referring his complaint to our service, Mr A raised two additional complaint points that don't appear to have been raised with Tesco. The first related to the interest, which he believed was too high on his account, when he was experiencing financial difficulty. The second concerned the outstanding debt shown on his credit file, which continued to display a balance of £1,235.05 and didn't reflect the refund Tesco had provided. As Mr A doesn't appear to have raised these specific issues with Tesco, I won't be considering them in this decision. However, if he remains unhappy about these matters, he can raise them with Tesco directly.

I can consider a complaint about the more recent complaint Mr A made to Tesco following its decision to refund him the charges and default fees for not sending the NOSIA. Having considered this part of Mr A's complaint, I do not intend to uphold it, and I'll go on to explain why.

In November 2024, Tesco contacted Mr A to explain that it hadn't sent the required (NOSIA) letter when it should have. It apologised for this error and remedied this issue by refunding the default fees and interest that had accrued as a result. I understand that, following this, Mr A felt Tesco should also reconsider the default, as it had now identified a mistake on his account.

I'm satisfied that the November 2024 correspondence and refund related solely to Tesco's failure to issue this statutory notice. This was a separate and unrelated administrative matter and doesn't relate to Tesco's decision to apply the default in 2023.

The refund was made to correct a specific technical failing - not sending the NOSIA when it

was supposed to - but that error doesn't automatically re-open or undermine the original decision to record a default. So, I don't consider Tesco was required to remove the default, simply because it found an administrative error under its remediation exercise. Tesco identified and rectified its error appropriately by refunding the relevant charges, and I'm satisfied that its actions in that regard were fair and reasonable.

Overall, I'm satisfied that Tesco acted fairly when identifying and refunding the fees relating to the missed NOSIA and I don't consider that Tesco needs to take any further action based on the available evidence.

My provisional decision

For this part of the complaint which I can consider, I don't find that Tesco's failure to send the NOSIA means the registered default should be removed as part of the remedy for that error.

And for these reasons, I don't intend to uphold this part of Mr A's complaint against Barclays Bank UK PLC trading as Tesco Bank.

Tesco didn't respond to the provisional decision.

Mr A did respond. In summary, he said the interest Tesco charged on his account was too high, and that during Covid the government introduced a programme requiring banks and credit card companies to freeze interest. Despite this, Tesco continued to charge interest, which Mr A believes ultimately led to the default.

Mr A also said that because Tesco accepted it had charged interest in error and refunded this, he believes it should also remove the default from his credit file. And finally, he questioned why Tesco hadn't corrected the default balance on his credit file to reflect the refunded amount.

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.

Some of Mr A's comments relate to matters I have already issued a jurisdiction decision on, so I won't be commenting further on those points.

In relation to the merits of this complaint, Mr A has repeated several points he raised previously, which I've already addressed in my provisional decision. I don't intend to revisit these in detail, but I will summarise my findings.

Mr A maintains that the default should be removed because Tesco accepts it shouldn't have charged interest. However, based on the evidence I've reviewed, Tesco hasn't said that interest should never have been applied to the account, nor that the interest applied on the account as per the agreement was incorrect. Rather, Tesco has accepted that it was required to send a NOSIA to Mr A and that, because it failed to do so during a specific period, it was not allowed to apply fees and certain charges for that period of non-compliance. The refund it provided for these fees and charges was issued to correct that specific technical failing – namely, its failure to send the NOSIA when required.

Tesco identified and rectified its error appropriately by refunding the relevant charges, which I consider to be fair and reasonable. That error, however, didn't automatically reopen or undermine Tesco's original decision to record a default on Mr A's account.

I appreciate that since referring this complaint to our service, Mr A has raised additional complaint points to our service. These include his view that the interest applied to his account was too high and contributed to the default, his concerns about Tesco continuing to apply interest during Covid, and Tesco not updating his credit file with the correct default amount. These issues don't appear to have been raised with Tesco yet, and as noted in my provisional decision, I can't consider them in this decision. If Mr A remains unhappy about these matters, he will need to contact Tesco directly about them.

However, for this complaint, I'm satisfied that Tesco acted fairly when identifying and refunding the fees relating to the missed NOSIA, and I don't consider that Tesco needs to take any further action regarding the default based on the available evidence.

For the reasons set out above, and in my provisional decision, I'm not directing Tesco to do anything further in relation to this complaint.

My final decision

I don't uphold this complaint against Barclays Bank UK PLC trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 December 2025.

Farhana Akhtar
Ombudsman