

The complaint

Mr H complains that Barclays Bank UK PLC trading as Tesco Bank allowed a payment to debit his credit card account after it had replaced his card. Mr H wants Tesco to refund the money paid.

What happened

Mr H's Tesco credit card was stolen in April 2024, so it issued him with a new card. Mr H was unhappy to find that in February 2025, a merchant had taken a payment of over £250 from his account. Mr H says he didn't authorise this payment.

Tesco said that because Mr H had a continuous payment authority (CPA) with the merchant and because the merchant was signed up to Automatic Billing Updater (ABU), his new card details would have been automatically updated with the merchant. This was to prevent disruption for customers who get new cards. As Mr H gave his original card details to the merchant, Tesco didn't agree it had made a mistake when the payment debited but it paid Mr H £25 to apologise for the fact that it didn't discuss the possibility that a pre-approved payment may transfer to his new credit card.

Our investigator thought that Tesco acted within the terms of Mr H's account when it let the payment debit his account as he didn't cancel the agreement with the merchant or Tesco. Our investigator thought that Tesco's compensation payment of £25 in recognition of its' failure to mention recurring payments was fair.

Mr H remained unhappy. He wanted Tesco to provide evidence that he knew about its' policy to transfer payments over. Our investigator thought it likely that Tesco provided Mr H with the relevant terms when he opened the account. Mr H thinks this is speculation and says that Tesco repeatedly ignored his requests for evidence.

As the complaint has not been resolved, it has come 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.

Having done so, I have reached the same conclusion as our investigator. In Mr H's case, when he gave his card details to the merchant, it took the payment under a CPA, also known as a recurring payment. By agreeing to the CPA, Mr H gave the merchant permission to take payments as and they were due, until he cancelled the CPA either through the merchant or Tesco. So, I don't consider it fair to say that Mr H didn't authorise the payment.

In line with the Payment Services Regulations 2017, consumers such as Mr H are generally liable for the payments they authorise. And the business - in this case Tesco - is expected to process authorised payment instructions without undue delay.

The ABU which the merchant signed up allowed the merchant to retrieve Mr H's updated

card details after Tesco informed the relevant card network that it had issued him with a new card. This meant that cancelling and replacing Mr H's credit card didn't stop the merchant taking a pre-agreed payment. The terms of Mr H's account with Tesco say that any regular payments "will continue until the arrangement expires or you cancel it." Tesco was bound by the earlier agreement between Mr H and the merchant. This means it acted correctly by allowing the payment to go through on the new card.

I appreciate Mr H wants proof that Tesco made him aware of what would happen with recurring payments, but like our investigator, I must base my decision on the balance of probabilities – that is what I consider is more likely to have happened given the available evidence. I consider it fair to assume that when Mr H opened his account with Tesco, it supplied him with the terms which refer to the continuation of regular payments. So, I don't require Tesco to supply further evidence on this point.

I appreciate that Mr H is unhappy that Tesco didn't warn him about the possibility that a regular payment might transfer to his new card. For failing to mention this when Mr H reported his card stolen, Tesco has paid £25. I think this was fair and reasonable in the circumstances of this complaint.

Although Mr H doesn't see why he should be put to the trouble of asking the merchant for a refund, this is his choice. But as I don't find that Tesco made the payment without Mr H's consent, I don't consider it would be fair to require Tesco to refund the money. I am sorry that this is likely to disappoint Mr H.

My final decision

My final decision is that Barclays Bank UK PLC trading as Tesco Bank has already done enough to put matters right, so I don't require it to take further steps in response to Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 October 2025.

Gemma Bowen
Ombudsman