

The complaint

Mr C is unhappy that Barclays Bank UK PLC, trading as Tesco Bank, sent him a Notice of Sums in Arrears ("NOSIA") when this wasn't warranted.

What happened

On 16 October 2024, Tesco sent Mr C a monthly statement for his credit account wherein a minimum payment of £24.99 was required to be made by 10 November. Mr C received the statement and posted a cheque to Tesco for £24.99 on 24 October. However, the payment didn't credit his Tesco account until 19 November – which was after the payment due date and after the date that the next monthly statement was issued.

Because of this, the monthly statement that was issued on 16 November didn't reference the receipt of £24.99 payment that Mr C had sent, and Tesco considered that payment to be late. This meant that the November statement included a £12 late payment fee and £0.61 accrued interest. This meant that the minimum payment listed on the statement as being due that month was the sum of the three amounts - £37.60

Mr C called Tesco on 21 November and enquired about the missing payment that he'd sent. Tesco's agent confirmed that the £24.99 payment had been applied to Mr C's account on 19 November and agreed to reimburse the late payment fee and the accrued interest. Tesco's agent also apologised to Mr C for any confusion and paid £30 to him as compensation for any upset or inconvenience he may have incurred.

However, on 16 December Mr C received a NOSIA from Tesco, which explained that Tesco hadn't received at least the minimum payment required on the account for the previous two months and which indicated that Mr C still owed £37.60 to Tesco. Mr C wasn't happy about this, so he raised a complaint.

Tesco responded to Mr C and explained that because their systems didn't record the £24.99 as being received until after the 10 November payment due date, they considered Mr C to have not made the minimum payment for that month.

Additionally, Tesco explained that the reimbursement of the £12 late payment fee and the £0.61 interest weren't considered to be received payments. And because the next monthly minimum payment was listed as being for £37.60, with the only payment received that month being the £24.99 that was due the previous month, Tesco's systems also didn't consider Mr C to have made the minimum payment for that month either, which was why the NOSIA had been automatically generated and sent.

Tesco apologised to Mr C for the confusion and confirmed that the received payment of £24.99 and the reimbursement of the fee and interest had returned the balance of Mr C's account to zero. Tesco also sent Mr C a cheque for £25 as compensation for any distress or trouble the NOSIA may have caused. Mr C wasn't happy with Tesco's response, and he felt that the NOSIA referred to him as a 'debtor', which was incorrect. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that the response that Tesco had issued to Mr C already represented a fair outcome to what had happened. Mr C didn't agree, so the matter was escalated to an ombudsman for a final 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I can appreciate why Mr C was unhappy at receiving the NOSIA, given that his account clearly wasn't in arrears as the NOSIA suggested. But it seems clear to me that the NOSIA was automatically generated by Tesco's systems as a consequence of the £24.99 payment that was due on the account by 10 November being credited to Mr C's account after that date, such that the £24.99 was essentially listed as being due on both statements, which in reality wasn't the case.

This point has been explained to Mr C by both Tesco and our investigator, and Mr C has confirmed his understanding of it. But in his correspondence with our investigator, Mr C has explained that his primary grievance here is that in sending the NOSIA, Tesco have referred to him a debtor, which he feels is incorrect and uncalled for, and for which he would like a formal apology and retraction from Tesco.

Mr C has specifically referred to the word 'debtor' being used, and has said that the word occurs at the bottom of the first page of the Financial Conduct Authority ("FCA") Arrears Information Sheet which Tesco are obliged to include with all NOSIAs. However, I've reviewed the NOSIA in full, including the FCA information sheet, and can find no instance of the word 'debtor' being used.

What the information sheet does do is provide generic information that's application to people who are in debt. But Mr C wasn't in debt, and so this sheet doesn't apply to him.

It may be the case that by sending the NOISA and the information sheet that Tesco are implicitly labelling him as being a debtor. But I don't agree. Instead, I feel that what's happened here is that the late crediting of the £24.99 payment has prompted a sequence of events – including the late payment fee and interest reimbursements, which to reiterate didn't count as payments to the account – which incorrectly but understandably led to the automatic issuance of a NOSIA by Tesco's systems. And because Tesco issued a NOISA, they were obliged to include the FCA information sheet.

Mr C has also said that he's concerned about the ongoing impact that the NOSIA may have. But I don't feel that there will be any ongoing impact. No late payment has been reported to Mr C's credit file, and the issuance of the NOSIA in and of itself has no bearing on Mr C's credit reporting or his standing with Tesco – given that Tesco have acknowledged it was invalid.

Mr C has said that Tesco did receive the cheque for £24.99 that he sent before the payment due date, but that their own processing delays caused the cheque to be applied to his account late. However, as explained, this service is focussed on the outcome of events. And

given that the late payment fee and accrued interest have been reimbursed to Mr C, and that it has been explained to Mr C that the issued NOSIA was invalid, there is no further corrective action to be undertaken here regardless of when Tesco received the cheque.

Ultimately, Tesco have already confirmed that the NOSIA wasn't valid because of the circumstances surrounding its issuance. And in providing this explanation, I'm satisfied that Tesco have already confirmed, both explicitly and tacitly, that Mr C is not a debtor and does not owe them the money referred to in the NOSIA. Furthermore, Tesco have apologised to Mr C for the confusion and sent him a cheque for £30 as compensation for what happened. All of this feels fair to me, and I don't feel that Tesco should fairly or reasonably be asked to do anything more.

This includes that I don't feel that Tesco should fairly be asked to issue a formal apology and retraction of an allegation – that Mr C is a debtor – that I don't feel that they've made in the formal manner that Mr C suggests, and which Mr C accuses Tesco of doing based on language in an information sheet that Tesco were obliged to send but which was drawn up by the FCA, i.e. not by Tesco.

I realise this may not be the outcome that Mr C was wanting, but it follows that I won't be upholding this complaint or instructing Tesco to take any further or alternative action. I hope that Mr C will understand, given what I've explained, why I've made the final decision that I have.

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 C to accept or reject my decision before 4 September 2025.

Paul Cooper
Ombudsman