DRN-5752131

The complaint

Mr C is unhappy that Barclays Bank UK PLC, trading as Tesco Bank, approved his request for an account balance write-off in 2023, only to later restore the balance of his account and default his account for non-payment.

What happened

Mr C had a Tesco credit card account which in December 2022 had a balance of approximately £4,150. That month, Mr C contacted Tesco and requested that they write off his account balance as he had medical issues that prevented him from working and which meant that he was unable to meet his minimum payments towards the credit account such that his account debt was spiralling out of control.

In March 2023, Mr C spoke with a Tesco representative who he felt confirmed to him that his write-off request had been approved and that he would therefore not have to make any further payment towards the account. However, Tesco dispute Mr C's assessment of that conversation and instead feel that their agent explained that his rite-off request would be reviewed and that there was no guarantee that the request would be approved.

In May 2023, Tesco sent a letter to Mr C which advised that his write-off request had been declined. The letter also explained that Tesco had applied a 30-day hold to Mr C's account to give him time to contact Tesco regarding the outstanding balance on his account. However, Tesco sent this letter to an incorrect address, meaning that Mr C never received that letter. Additionally, because the incorrectly addressed letter wasn't returned to Tesco by the recipient, Tesco were not aware of their mistake, or that Mr C hadn't received the letter.

Tesco maintained the hold on Mr C's account – which had only supposed to be for 30 days – for over 21 months, until February 2025, at which time they sent an email to Mr C advising that his hold had come to an end and that the outstanding balance of his account needed to be addressed. Upon receiving that email, Mr C contacted Tesco and was told that his write-off request had been declined in May 2023. Mr C wasn't happy about this, especially when he discovered that Tesco had sent the write-off decline letter to a wrong address. So, he raised a complaint.

Tesco responded to Mr C and explained that they had considered his write-off request in 2023 but had declined it because there was no indication or prognosis that Mr C's medical condition was such that he wouldn't be able to return to work in the future. Tesco confirmed that they had sent the write-off decline letter to the wrong address, and had held Mr C's account for 21 months, and apologised to Mr C for this.

Tesco also confirmed that Mr C could re-request an account write-off and confirmed the information that Mr C would need to provide, which included medical certificates confirming diagnosis and prognosis. Finally, Tesco offered to pay £250 to Mr C as compensation for the trouble and upset this matter had caused him and as a contribution to any costs Mr C might incur obtaining the information Tesco required from him to assess a new write-off request. Mr C wasn't satisfied with Tesco's response, so he referred his complaint to this service.

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.

Mr C has said that he understood, from a call that took place on 30 March 2023, that Tesco had approved his balance write-off request. Tesco don't agree with Mr C's assessment of that call and provided a copy of the call for me to listen to.

Having listened to the call, I don't feel it was reasonable for Mr C to have left that call with a belief that his balance write-off request had been approved. Instead, I feel that it was clearly explained to Mr C on that call that his write-off request could only be considered after his account was defaulted and that there was no guarantee that his request would be successful but that it would be assessed by Tesco's relevant team.

Mr C has asked for a copy of the call to be sent to him, which our investigator attempted to do. Unfortunately, Mr C wasn't able to access the copy of the call that our investigator sent to him, although it is my understanding that he has requested the call from Tesco directly. I therefore draw the following parts of the call to Mr C's attention if he is able to review the call either at present or a later date:

> Around 4 minutes 10 seconds into the call, the agent, having read the notes on the account, confirms that Mr C has requested a balance write-off and explains that for such a request to be considered, the account in question would need to go through the collections and recoveries process (i.e. be defaulted).
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> Around 16 minutes 25 seconds, the agent, having discussed Mr C's current personal and financial position with him, explains that Tesco will likely need medical documents for the write-off request and reiterates that the account will need to be in the recoveries process for the write-off request to be considered.
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> Around 24 minutes 30 seconds, the agent returns from a long hold and confirms that the account will need to be defaulted for the write-off request to be considered. The agent then offers to begin the account default process that day, which Mr C consents to, and the agent explains that the default will remain on Mr C's credit file for six years and that Mr C will not be able to use the card again. The agent then explains that Mr C will receive formal default and account termination letters in the post, but that he can disregard those letters based on what had been discussed on the call. The agent then asks Mr C if he is happy for her to proceed as discussed, and Mr C confirms that he is.
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> Around 33 minutes and 30 seconds, the agent returns from another hold and confirms that she will send Mr C a default letter and that 28 days later he will receive an account termination letter, which will confirm that the account has been terminated and which would mean that Mr C's request for the write-off can be considered.
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> Around 34 minutes 50 seconds, the agent explains that on the contact notes for a previous call Mr C had with Tesco, it states that the possibility does exist that Mr C

might be able to return to work, but that Mr C wasn't sure if or when that might be. In reply, Mr C confirms that it is his hope to return to work and that he doesn't want to carry on as he presently is forever.

Around 35 minutes 55 seconds, the agent explains that the write-off request assessment team will likely require more medical information than Mr C has so far provided, including diagnosis and prognosis information.

Around 38 minutes 50 seconds, the agent confirms to Mr C that she's happy to continue as discussed which will result in the write-off request but explains that there is no guarantee that Mr C's write-off request will be successful. The agent also explains that Tesco may come back and ask for more detailed medical information, as previously discussed. Mr C confirms his understanding and consent and says that if prognosis information is required, he can potentially obtain that from his doctor.

Around 41 minutes 35 seconds, the call ends amicably.

In consideration of the above, I feel that it was explained to Mr C that his account would have to be formally defaulted before the write-off request could be considered and that even then there was no guarantee that the write-off request would be approved. And while I feel that Tesco's agent could have used clearer language when explained that the account would need to be defaulted (i.e. that she should have used the term 'defaulted' rather than talking about 'collections and recoveries process') I feel that the agent did explain the matter in sufficient depth, including referencing default letters and that the default would be visible on Mr C's credit file for six years, that Mr C did in all likelihood, and reasonably should, have understood that his account would be defaulted.

Furthermore, in consideration of this point, given the severe financial hardship that Mr C described in the call, I don't feel that Mr C would likely have been able to avoid the defaulting of his account, even if he didn't understand that Tesco's agent was going to default his account and if he wanted to try to avoid his account defaulting. And I also note that by defaulting Mr C's account when she did, Tesco's agent effectively brought forwards the default date for Mr C, which means that the default will fall off Mr C's credit file after six years sooner than would otherwise have been the case, at benefit to Mr C.

When Mr C's account was defaulted, and his write-off request considered, Tesco declined the request because Mr C hadn't provided any formal indication or prognosis that he wouldn't be able to return to work and had explained that he wanted to return to work if possible. This doesn't feel unfair or unreasonable to me, and I wouldn't generally expect a bank to write off a balance in such circumstances. Instead, where the possibility remains that a customer can return to work, I would generally expect any account that the customer can't afford to keep up with at a given time to be defaulted and for that default to be reported to that customers credit file for six years – which is what has happened here.

When Tesco sent the letter to Mr C which explained that his write-off request had been declined, this was sent to the wrong address, seemingly by human error when inputting the address into the letter. This was clearly a mistake on Tesco's part. However, while this meant that Mr C didn't receive any confirmation that his write-off request had been declined, it also means that Mr C didn't receive any confirmation that his write-off request had been successful.

Given the 30 March 2023 call as discussed above, I'm not convinced that it was reasonable for Mr C to have taken non-communication from Tesco as confirmation that his request had been approved, and I would have expected Mr C to have chased this matter with Tesco himself. Notably, Mr C appears to have tried to contact Tesco via webchat in June 2023, but the conversation didn't progress, and following this Tesco remained unaware of the fact that they had sent the write-off decline letter to an incorrect address and so didn't pursue that matter with Mr C.

Tesco then left Mr C's account on hold for 21 months, until February 2025. This is clearly another mistake by Tesco, who if they wanted to pursue the defaulted balance of Mr C's account should by any reasonable standard have contacted Mr C sooner. However, in consideration of both of Tesco's mistakes here – the sending of the letter to the incorrect address and the 21-month defaulted account hold – I don't feel that there has been a significant impact to Mr C resultant from those mistakes.

I say this because, as explained, I feel that it was always the case that Mr C's account was likely to have been defaulted, given the severity of his financial difficulty in and around March 2023. And I also don't feel that Tesco's declining of Mr C's write-off request, based on the information that Mr C submitted to them, and in consideration of the diagnosis and prognosis information that Mr C didn't submit to Tesco, was unreasonable. As such, the outcome that occurred – that Mr C's account was defaulted, and his subsequent write-off request was declined – doesn't seem unfair to me.

Additionally, by Mr C's own admission to this service, '*the 'delay' itself had no negative impact on anything much'*, and Tesco have confirmed to Mr C that they are willing to assess a new write-off request he may choose to submit to them. Mr C is unhappy that he will incur costs in obtaining the information that Tesco require. But this is information he should reasonably have provided to Tesco in his initial write-off request, for which he would likely have incurred a cost at that time.

All of which means that I feel that the apology and offer of £250 compensation that Tesco have made to Mr C in resolution of his complaint does represent a fair outcome to what has happened here.

This is because I feel that Mr C's recollection of what he was told by Tesco in 2023 isn't accurate and because I feel that Mr C could and reasonably should have mitigated against what happened here by providing the more detailed medical information he was told Tesco would likely require and by chasing Tesco when he didn't receive any confirmation that his write-off request had been successful. It's also because I don't feel that there has been any significant impact to Mr C because of what happened, given that it seems likely that his credit account would always have been defaulted because of his difficult financial position.

Accordingly, while I will be upholding this complaint in Mr C's favour, I'll only be doing so to instruct Tesco to pay the £250 to Mr C that they've already offered to pay in consideration of the mistakes that they made, and I won't be issuing any further instructions to Tesco beyond this.

I realise this might not be the outcome Mr C was wanting, but I hope that he understands, given all that I've explained, why I've made the final decision that I have.

Putting things right

Tesco must pay the £250 to Mr C that they've already offered to pay.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC, trading as Tesco Bank, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 10 September 2025.

Paul Cooper
Ombudsman