

The complaint

Mr S complains that Barclays Bank UK PLC trading as Tesco Bank ("Tesco") recorded a default against his credit file.

What happened

Tesco said it received an instruction from Mr S's bank in October 2022 to cancel the direct debit which was set up to pay his credit card. It acted on this instruction and, following this, payments were missed for several months. It wrote to Mr S to let him know about the arrears that were accruing. It received no response from Mr S and ultimately defaulted the account around April 2023.

Mr S says he wasn't aware that the direct debit had been cancelled, and he also had an issue with receiving post at the time. He says the only correspondence he received was a letter dated 30 March 2023, which he received on 6 April 2023. The letter said he had five days to make payment otherwise the account would be defaulted. However, it was a bank holiday weekend and so Mr S says he had no chance to do so. He says he called Tesco on 6 April 2023, upon receipt of the letter, however he was told it was too late. Mr S complained to Tesco about matters.

Tesco reviewed the complaint but didn't uphold it. In summary, it said that following the request from Mr S's bank to cancel the direct debit, it sent correspondence to the address it held for Mr S explaining that manual payments needed to be made going forward. It says Mr S then made a faster payment to the account in November 2022 which brought the account up to date, but then no further payments were made. Tesco said it sent Mr S correspondence about the arrears and implications of not paying. However, having received no response or payment, it ultimately defaulted the account around April 2023. Mr S remained unhappy and brought his complaint to this service.

An Investigator here reviewed matters, but didn't recommend the complaint be upheld. In summary, she noted that Mr S likely didn't receive the letters, but that was because he'd provided Tesco with an incorrect address when he first opened the account. However, because Tesco had corresponded with the address it held for Mr S, she didn't think it had acted unfairly in the circumstances.

Tesco didn't dispute this opinion, but Mr S did. In summary, he said the following:

- Tesco hadn't complied with the Financial Conduct Authority (FCA) Principles for businesses and he wasn't treated fairly.
- Tesco should have realised he was a vulnerable customer because he hadn't responded to the communications.
- Tesco relied on outdated address information and didn't correspond with him through other options such as phone, email or text.
- Tesco didn't communicate clearly or effectively because correspondence was sent to

an incorrect address, and this was therefore not in line with the FCA's Consumer Credit Sourcebook (CONC) 7.9.3R and 7.3.4R.

- Tesco's reliance on an incorrect address due to a long-standing error raises concerns about whether the default notice was validly served, in line with Section 87 of The Consumer Credit Act 1974.
- Tesco didn't act proportionately; Mr S hadn't ever missed payments before, he wasn't deliberately avoiding repayments, and once he became aware he tried to rectify matters quickly but was denied a reasonable window to make payment.
- The Consumer Duty principles require firms like Tesco to avoid foreseeable harm – it's foreseeable that a customer who failed to respond to multiple letters might not be receiving them and escalation without further checks could cause detriment.

The Investigator responded to Mr S. In summary, this included an explanation that the Consumer Duty came into force in July 2023, after the account defaulted, and was therefore not a relevant consideration. She also accepted that whilst Tesco ought to adhere to the principles Mr S mentioned, they didn't override the process of defaulting an account. Mr S reiterated some of his earlier points. He also acknowledged the point about when the Consumer Duty came into force but thought the FCA's other longstanding principles, including treating customers fairly, Principle 6 and Principle 7, meant there was still an obligation for Tesco to act fairly.

Overall, an agreement hasn't been reached. So, the case has been passed to me to decide. Mr S asked for some time to provide further submissions in respect of his complaint, however no further information was received. This service then asked Mr S to confirm whether he still wanted to provide information by 27 August 2025, however Mr S didn't respond by this deadline. Therefore, I've assumed Mr S has nothing further to provide and I've continued with the information available to me.

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.

Firstly, I understand how strongly Mr S feels about this matter and I have taken into account all of the submissions that have been provided by both parties. However, it's important I explain that my decision will only focus on what I consider to be the crux of Mr S's complaint. This isn't intended to be discourteous, but instead it reflects my informal role in reaching a decision here.

In his submissions, Mr S has made reference to rules and guidance set out by the FCA and the Consumer Credit Act 1974 to support why he thinks Tesco has treated him unfairly. When deciding this case, among other things, I'll take into account relevant laws and regulators' rules, guidance and standards. But I'll be ultimately deciding the case based on what I think is fair and reasonable overall.

Tesco has evidenced that it received an instruction from Mr S's bank in October 2022 to cancel the direct debit that was in place to make his Tesco card payments each month. Tesco then notified Mr S about this and explained that payments would need to be made manually moving forward. I don't think Tesco acted unreasonably here – it received an instruction from Mr S's bank which it acted upon, and it notified Mr S about this using the address it held for him.

Following this, several monthly payments were missed, with the exception of a faster payment Mr S made to the account in November 2022. Tesco says it wrote to Mr S using the address it held for him to make him aware of the arrears, and the implications of not making payments. I've seen copies of these letters and haven't been provided with anything to suggest the letters weren't sent by Tesco at the time. These letters also gave Mr S enough opportunity, as I would expect, to bring the account back up to date.

Ultimately, Mr S didn't recover the arrears in time and Tesco defaulted the account around April 2023. I don't think its actions here were unreasonable; Tesco wrote to Mr S over several months letting him know his account was in arrears and action needed to be taken prior to when the account was defaulted. I also don't think it's unreasonable that Tesco added a default to Mr S's credit file; Tesco has a duty to report accurate information to the Credit Reference Agencies and as Mr S owed money which he hadn't repaid, it's accurate and fair to say he was in default.

Additionally, I'm conscious that Mr S made a faster payment to the account in November 2022, which was the month after the direct debit was cancelled. This suggests to me that Mr S may have been aware that the direct debit was no longer in place, and that he needed to make payments towards the account in another way to ensure he complied with his requirements under the agreement.

I've considered that the letters were sent to an incorrect address, and I acknowledge Mr S thinks that Tesco hasn't complied with its requirements to issue clear and effective communications about matters because of this. However, Tesco used the address that Mr S had provided upon application for the card and Mr S only updated this after the account had been defaulted. Ultimately, it's reasonable to expect a consumer to ensure they provide accurate correspondence details and notify a business if their address changes. With this in mind, I don't think Tesco would have had reason to think that the address was incorrect and I think it would have reasonably expected the correspondence to have been received. It follows that I think it complied with its requirements by issuing clear information to the address it reasonably thought was correct, and then subsequently defaulting the account having not had a response, or importantly repayment from Mr S.

Mr S says Tesco could have corresponded with him using different methods, such as email, phone or text. I understand why Mr S would have found this useful, particularly considering it's now clear that the letters were going to the wrong address. However, whilst this would be helpful, I don't think Tesco has done anything wrong by not doing so – ultimately, it fulfilled its obligations by corresponding with Mr S using details it reasonably thought were accurate. I know Mr S thinks Tesco should have realised he was vulnerable because he wasn't responding to the letters. However, I think there could be several reasons why a customer might not respond to the correspondence, and so I don't think Tesco necessarily ought to have concluded that it was because Mr S was vulnerable at the time.

I appreciate this matter will have been very disappointing for Mr S, especially as he says he hasn't previously missed payments on the account. I also acknowledge he thinks Tesco hasn't acted in line with the FCA Principles for businesses and he wasn't treated fairly. However, I can't agree that the action of defaulting the account was disproportionate or unfair, considering the length of time payments had been missed, the information Tesco reasonably thought it was sending to Mr S, and the reasonable period of time that Mr S was afforded to bring the account back up to date. So, overall, I don't think it would be fair or reasonable to ask Tesco to remove the default from Mr S's credit file.

My final decision

My final decision is that I don't uphold this complaint for the reasons outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 September 2025.

Hana Yousef
Ombudsman