

The complaint

Miss H complains about Tesco Personal Finance Limited's actions in relation to dealing with her financial difficulties. She doesn't think it has had proper regard for her vulnerabilities.

What happened

Miss H describes that she got into financial difficulty in 2024 following a period of reckless expenditure that left her owing significant balances on several credit cards. One of these is a credit card she has with Tesco Personal Finance. She informed Tesco Personal Finance of her medical history, telling it of underlying health conditions that include anxiety, depression and personality disorder. Miss H also has a history of self-harm and suicidal ideation.

She's unhappy that Tesco Personal Finance sent her account to a third party debt collector (albeit that it has since recalled the debt). And that despite telling Tesco Personal Finance she has no money to be able to pay, it won't write off the debt like other creditors have, and keeps writing to her seeking payment proposals.

Tesco Personal Finance says it passed Miss H's debt to a collection company after explaining to Miss H why it wasn't willing to write off the account balance, and because it received no contact from Miss H for over three months. It adds that when Miss H did make contact, it recalled the debt and put a hold on recovery action for 60 days, awaiting information from Miss H about her financial circumstances through its specialist assistance team. As I understand it, Tesco Personal Finance has suspended interest and charges since June 2024. However, it continues to send Miss H correspondence about the debt and asking her to contact it.

Miss H says the situation is too stressful for her to be able to deal with. While her mum deals with a lot of her financial issues, Miss H hasn't told her about the level of debt she's in. Miss H feels she's provided sufficient documentation to Tesco Personal Finance and that she's being sent round in circles. She has rent and utility bill arrears, is unable to work, and can see no way in which she can make payments.

Our investigator noted the processes Tesco Personal Finance had followed and acknowledged the steps it had taken to support Miss H, such as suspension of interest and charges. It had sought relevant information from Miss H about her financial situation and had considered her request for write-off. But the investigator thought Tesco Personal Finance should have done more to engage directly with the serious vulnerabilities Miss H highlighted to it. She had explained that her health conditions made it difficult for her to deal with financial matters, and provided medical evidence in support of this.

The investigator didn't think this enabled him to recommend the debt should be written off. But he felt Tesco Personal Finance's approach to Miss H's vulnerable status had caused her distress, for which she should receive compensation. He proposed an amount of £250. And he recommended Tesco Personal Finance reassess Miss H's circumstances to establish a suitable approach going forward, whether that involves extending the account suspension, an affordable repayment plan, or reconsidering her write-off request.

Tesco Personal Finance hasn't agreed to the investigator's proposal. It feels it did take appropriate steps to engage with Miss H, and that it had due regard for her situation. And Miss H thinks the proposed compensation isn't enough to reflect the stress and anxiety she's been under. She also reiterated that she was unable to make any payment proposals or discuss matters with Tesco Personal Finance.

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.

I'm conscious of the sensitivities involved in this complaint. With this in mind I haven't set out in full all that Miss H has said, as both parties are aware of her vulnerabilities. What is clear is that Miss H's personal circumstances are likely to present a significant barrier to Tesco Personal Finance in being able to discuss the situation with her. Let me be clear that this isn't a criticism of Miss H. Nor do I suggest that she lacks capacity. It is simply recognising the extent to which she's able to engage with Tesco Personal Finance on a practical level about the financial situation without triggering stress or anxiety.

I've taken into account what the Financial Conduct Authority ("FCA") says in the Consumer Duty about consumer support and delivering good outcomes for customers in vulnerable circumstances, as well as other guidance it has issued¹. One of the key themes is that firms offer flexible and tailored consumer support. This can be strengthened by training frontline staff on how to provide support to customers with characteristics of vulnerability.

I can see that Tesco Personal Finance was aware of Miss H's vulnerabilities. As our investigator noted, it did take a number of steps to support her, such as suggesting third party debt assistance and providing contact details for Miss H to call it. Tesco Personal Finance also provided Miss H with breathing space by putting a hold on the account.

But there were also points where Tesco Personal Finance didn't have sufficient regard for Miss H's vulnerabilities. Several times, standard bank process appears to have taken over, such as when the account was passed for collection. Although that was reversed relatively quickly, the action added to Miss H's distress.

Some of Tesco Personal Finance's communications with Miss H could be viewed in the same way. I understand its attempts to reach out to Miss H to engage with it about her financial situation. However, Miss H had already explained why she was unable to face doing so. A tailored and flexible support approach might have instead recognised this difficulty, and offered to communicate through a personal representative² (not a debt counselling service) rather than placing the onus on Miss H to make contact with it. I appreciate that Miss H has said her mum, who sometimes assists her, was unaware of her debt situation. Persuading Miss H to agree would no doubt have been difficult, but it was within Tesco Personal Finance's capability to attempt this rather than the current impasse.

I accept, of course, that it isn't unreasonable for a lender to take reasonable steps to seek repayment of money it's owed. I don't have enough information about Miss H's personal financial situation to say whether there's a reasonable prospect of her ever being in a position to make anything other than token payments towards the balance. So I can't at this

¹ FCA publication FG21/1: 'Guidance for firms on the fair treatment of vulnerable customers' (February 2021).

² FG21/1 Chapter 4: see section 'Supporting decision-making and third party representation'

stage say it was unfair for Tesco Personal Finance to decline to write it off. However, I am aware that Miss H has mentioned other creditors that have taken such action.

With this in mind, if the parties are able to reconcile and reestablish communication— which might require Miss H to nominate a representative to assist her in dealing with Tesco Personal Finance – I would expect the lender to keep the request under review and to provide reasons for its decision, in line with assisting consumer understanding³. I'd encourage Miss H to think carefully about the situation and to let Tesco Personal Finance have details of someone who could act as her representative. If Miss H feels unable to inform Tesco Personal Finance herself, she can provide details to our investigator and we will pass them on to the lender.

Putting things right

While I'm conscious of the difficulties in this case, and the efforts Tesco Personal Finance made to support Miss H, which I do not seek to understate, I'm not persuaded it did enough to adapt its approach to support her with her particular vulnerabilities. I accept Miss H was already anxious and distressed by her financial situation, and I do need to recognise that when considering the extent to which Tesco Personal Finance's approach added to that, rather than being the sole cause.

After careful consideration, I'm satisfied that the £250 compensation our investigator proposed represents a fair way to recognise the additional distress arising from Tesco Personal Finance's actions. I would add, however, that in the circumstances I am directing it to pay this amount directly to Miss H, rather than crediting it against the account balance.

My final decision

For the reasons I've set out here, my final decision is that to resolve this complaint, Tesco Personal Finance Limited should pay (not credit) Miss H £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 28 October 2025.

Niall Taylor
Ombudsman

³ FCA Consumer Duty outcome