

The complaint

Mr P complains about Barclays Bank UK PLC trading as Tesco Bank's handling of a dispute.

What happened

Mr P raised a dispute with Tesco Bank in September 2024 about a breach of contract where the supply and installation of a new kitchen wasn't completed. Mr P had paid for the kitchen across multiple transactions and varying payment methods, two of which were his Tesco Bank credit card.

Tesco Bank reviewed the dispute and submitted chargeback claims for the two transactions made with his credit card. It then went on to consider two other transactions under a Section 75 (S75) of the Consumer Credit Act 1974 claim.

As part of the S75 review, Tesco Bank asked Mr P to raise a chargeback claim with his bank account provider for one of the transactions made with a debit card.

The claim process continued into early 2025 with further representations made under both the chargeback and S75 claims.

Mr P complained to Tesco Bank about its handling of his claims in January 2025. Tesco Bank issued a final response letter in February 2025 in which it upheld his complaint in part. It said it had dealt with his claim in line with its processes and policies. It also set out that it had confirmed to Mr P that should his chargeback claim with his bank provider not succeed, that it had confirmed it would refund the value under its S75 claim. It did however recognise there had been some overly confusing correspondence sent, and that it could have represented the chargeback claim without needing information from Mr P. In recognition of this it paid Mr P £50.

Unhappy with Tesco Bank's response Mr P referred his complaint to our service.

Our investigator reviewed the complaint, and obtained further information to support his consideration. Ultimately he felt Tesco Bank had generally considered Mr P's dispute reasonably, based on the processes and procedures he would have expected it to have followed. However, he didn't consider £50 fairly reflected the impact of the distress and inconvenience Mr P had been put to through the process. Our investigator recommended that Tesco Bank increase its payment for distress and inconvenience by an additional £124, taking the total level of compensation to £175. He reached this conclusion having considered that Mr P's vulnerabilities meant Tesco Bank's actions had a greater impact on him than it may otherwise have done.

Mr P accepted our investigator's view; Tesco bank didn't. It maintained its arguments that it had generally provided Mr P with clear information about the chargeback and S75 processes. It set out that it did provide assurances that if his chargeback claim with his bank

account provider were to be unsuccessful, that it would refund him under the S75 claim. Tesco Bank said it considered the £50 it had paid Mr P fairly reflected the level of distress and inconvenience this situation caused.

Tesco Bank asked for an ombudsman's review, so the complaint has been passed 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.

The information in this case is well known to Mr P and Tesco Bank, so I don't intend to repeat it in detail here. I'd like to assure both parties that I've carefully reviewed the details submissions provided. However, in my decision I've not referenced all of the points or touched on all the information that's been provided. Instead, I've focused my findings on what I consider to be the key points and relevant facts of the complaint. I don't mean to be discourteous to Mr P or Tesco Bank by taking this approach, but this simply reflects the informal nature of our service.

There is no longer an ongoing dispute about the outcome of the claims Mr P submitted, which have been concluded. So, I won't proceed to comment on these further.

The dispute before me is whether the level of compensation Tesco Bank paid Mr P for the distress and inconvenience of its handling of the disputes is fair. This is the focus of my decision here.

The impact of a business' actions (or inactions) will vary from consumer to consumer; and a level of distress and inconvenience to acknowledge the impact of those actions should reasonably take into account each individual consumer's circumstances. This includes having regard for any additional impact actions may have on a consumer who is considered vulnerable, for example.

Our investigator set out why he considered the impact of Tesco Bank's communication and lack of information at earlier points had more of an impact on Mr P, given his vulnerabilities. Essentially, he set out that where £50 may be fair compensation for the impact on the average consumer, that level of compensation didn't reasonably recognise the additional impact its actions had on Mr P.

Having carefully considered the details, I'm in agreement with our investigator's findings on the additional impact this situation had on Mr P. I say this because:

- Mr P made Tesco Bank aware of his situation and that he was a vulnerable consumer from late September 2024.
- Mr P set out within this correspondence reasons why he would like the dispute to be dealt with under one claim.
- Tesco Bank didn't ask Mr P to raise a chargeback claim with his bank account provider until mid December 2024, around three months after the initial dispute had been raised; and two months after he made it aware of the details I've set out above.
- Tesco Bank has acknowledged that some of its communications were overly complicated, and were unnecessary given what it already knew about the details of the dispute.
- Tesco Bank has confirmed there was a delay (albeit reasonably short) in responding to some correspondence from Mr P over the festive period.

Tesco Bank has set out to our service on a number of occasions that it had reasonably made Mr P aware that should a chargeback claim with his bank account provider not succeed, that it would compensate him for the value being claimed under his S75 claim. It appears Tesco Bank considers based on it providing Mr P with this assurance, that it mitigated any concerns or anxiety Mr P would have with receiving the full refund of the total value being disputed under the claims.

While I acknowledge Tesco Bank's position on this point, I'm not persuaded that it has fully engaged with its knowledge that Mr P is a vulnerable consumer, or considered the actual impact on him throughout this dispute process.

Mr P had made Tesco Bank aware from the outset of his vulnerabilities; and that he would rather that the claim be dealt with as one, rather than him having to pursue multiple avenues for redress. I acknowledge the reasons Tesco Bank considered the dispute under different claim processes, however, I consider it could reasonably have provided Mr P with more timely communication on this point, which would have better managed his expectations and minimised further distress and anxiety further into the claim process. I consider this was further increased given its request for Mr P to raise a chargeback claim with his bank account provider came in the lead up to the festive period, and Tesco Bank's communication across this period was, understandably so, extended.

I also consider Tesco Bank's acknowledgement that some of its communication was overly complicated, and not necessary at times, led to further unnecessary distress and worry.

So, I consider Tesco Bank's payment of £50 doesn't reasonably compensate Mr P for the individual impact of the distress and inconvenience caused.

Our service bands the level of distress and inconvenience payments we generally consider reasonable, with examples of the circumstances that would generally fall into these bandings, on our website. I consider a total payment of £175, as recommended by our investigator, fairly reflects the impact of the distress and inconvenience caused to Mr P in the individual circumstances of this case.

I note Mr P has made reference to the Financial Conduct Authority's (FCA) Consumer Duty and principles around vulnerable consumers. I've considered these instruments as I'm required to take into account relevant law, rules and regulations and good industry practice in every complaint I consider.

However, in the circumstances of this complaint, I'm satisfied that when taking into account relevant instruments, the redress I'm directing below is fair and reasonable in the individual details of this complaint.

Putting things right

To fairly resolve this complaint, I direct Tesco Bank to pay Mr P an additional £125, taking the total level of payment to reflect the distress and inconvenience caused to £175.

My final decision

My final decision is that I uphold this complaint and direct Barclays Bank UK PLC trading as Tesco Bank to pay Mr P an additional £125.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 December 2025.

Richard Turner
Ombudsman