

The complaint

Ms D is unhappy with how Tesco Personal Finance Limited treated her when she got into financial difficulty on her credit card account.

What happened

Ms D had a Tesco credit card and unfortunately, she got into financial difficulties. Ms D explained she was made redundant around 2013 and for around two years was either not working or was in low paid jobs. And she said she was made redundant again in 2021.

On the credit card account, a default notice was sent in July 2018 and then the account was suspended in October 2020.

Ms D complained to Tesco in July 2024 and said it was unfair for interest and charges to have been applied to the account once the card was 'stopped'.

Tesco issued a final response to the complaint in July 2024. In summary, this said the complaint about what happened when she was made redundant around 2013 had been made too late for it to consider.

Tesco said in relation to the interest and charges applied to the account, Ms D would've been aware of these. It said these were "*fair and transparent*". And it said Ms D had been charged in line with the card's terms and conditions.

Tesco said interest free plans were something it could consider on a short-term basis, for customers in short term financial difficulty. It said it would give customers the opportunity to catch up on missed payments, with the aim the account would then move forward as normal. But, it said it would not be able to do this indefinitely and so didn't uphold the complaint.

Ms D remained unhappy and referred the complaint to our service.

She said it was unfair for Tesco to have applied interest to the outstanding balance once the account had been defaulted. She said this meant paying the outstanding balance had been extremely difficult.

Tesco explained to our service it had given Ms D details of its financial assistance team on multiple occasions, but she hadn't contacted it for help making her payments. And it said it would support her if she was in financial difficulty. It said Ms D had been maintaining payments on the account and was on track to repay the balance in a reasonable time.

Tesco also confirmed it made several attempts to contact Ms D in 2018 when her account went into arrears. It said it tried to contact her by phone and post.

An investigator issued a view and didn't uphold the complaint. In summary, he explained in order to stop interest and charges on the account he would expect Ms D to have spoken to Tesco at the time about her situation, but it didn't appear she did this. He explained the account wasn't defaulted as Ms D maintained payments. And he said he could see the

reason Tesco suspended the card was to prevent further debt.

Ms D was unhappy with this. She explained that her other credit cards at the time had allowed her a brief period without interest or charges to get things back on track.

Our investigator explained Tesco could've only done this if Ms D contacted it at the time to discuss things. He said if Ms D could provide evidence she tried to get in touch with Tesco, he would consider this.

Ms D didn't provide any further information. But she remained unhappy and asked for an ombudsman to review the complaint.

Tesco said it had no further comments.

Our investigator then asked for clarification from Ms D if she wanted our service to comment on events prior to July 2018 – which was further back than six years before she complained to Tesco.

Ms D said she wanted to look at the complaint as far back as possible. And she gave us some more information about her personal and health situation at the time.

Our investigator then issued a further view about our service's ability to look into things. He explained, in summary, that for us to investigate a complaint Ms D would need to refer it to our service within six years of the event complained about, or within three years of when she was aware, or should've been reasonably aware, she had cause for complaint.

He noted that Ms D had raised her complaint in July 2024. He explained he thought she would've known she had cause for complaint around January 2016, when Tesco sent her letters about being in persistent debt.

Our investigator explained this meant we couldn't look at issues from more than six years prior to Ms D complaining to Tesco.

The case was then passed to me to decide.

I emailed Ms D and Tesco about our service's jurisdiction and clarified that as neither party disputed what the investigator said, I didn't need to go into detail about this. But I explained what I would consider in the decision were events from six years prior to Ms D referring the complaint to our service – which was 29 July 2024, not when she earlier complained to Tesco.

I gave both parties one week to respond with any further comments.

Tesco replied and said it had nothing further to add. Ms D didn't respond.

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 do not think this complaint should be upheld. I'll explain why.

To be clear to all parties, this decision only considers events which took place from 29 July 2018.

Firstly, I think it's worth setting out the rules and guidance Tesco needed to follow over the

period in question.

Some of these are set out by the Financial Conduct Authority ('FCA') in the Consumer Credit Sourcebook ('CONC'). There were changes to CONC applied across time, however I'm satisfied that these don't have a fundamental impact on what I'm considering here.

In broad terms:

CONC 7.3.4 explains:

"A firm must treat customers in or approaching arrears or in default with forbearance and due consideration"

CONC 7.3.4B explains:

"When determining appropriate forbearance and treating the customer with due consideration, a firm must take into account the individual circumstances of the customer of which the firm is or should be aware."

CONC 7.3.5 goes on to give various examples of what the above may look like. This does include:

"suspending, reducing, waiving or cancelling any further interest or charges"

This brings me to what I think is the crux of Ms D's complaint. She said, in summary, that Tesco should've stopped applying interest and charges to her account.

I've thought about this carefully. But in broad terms I agree with what Tesco said here. This *could've* been a reasonable step to take, but I think this would've *likely* only been for a temporary period to allow Ms D to get things back on track.

Key however, is that in order to do this I think it's reasonable to say under the circumstances of this specific case Ms D would've needed to have been engaging with Tesco about her finances and situation at the time to allow it to assess her situation. And, in summary, I haven't seen that she did this. This means as per CONC 7.3.4B above, Tesco wasn't aware of her individual circumstances. So I've considered if it should have been aware.

Tesco has explained it was attempting to contact Ms D by post and phone calls. And in general terms, I can see from the statements and letters sent at the time that Tesco frequently informed Ms D the account was in arrears and asked her to contact it to help.

But Tesco explained Ms D had only responded once to it in July 2018, where she said she could clear the arrears. I haven't been provided with anything from Ms D to show she responded to Tesco at any other points when it was attempting to contact her, nor that she gave it further details about her situation.

Given Ms D wasn't in touch with Tesco, it wouldn't have been aware of her circumstances. So, I don't think it did anything wrong when it continued to apply interest and charges to the account. And I also can't see these have been applied incorrectly.

I've gone on to consider the other actions Tesco took.

Tesco explained the account had been in arrears during periods in the last six years and it had tried to contact Ms D to discuss things. Tesco explained when the account did go into arrears, it was brought up to date shortly after with one off payments. So, I've had this in

mind.

Ms D has mentioned that the account was defaulted. However, while a default notice was sent in July 2018, at the end of August 2018 there is an entry on Tesco's contact notes to say the terms of the default notice was satisfied. So, I can see the account *wasn't* defaulted, which seems reasonable under the circumstances.

In early 2020 I can see Tesco were writing to Ms D about the account and asking her to enter into a payment plan for the outstanding balance.

I can then see Tesco wrote to Ms D telling her the card was suspended in October 2020. A letter sent at the time explains this was because Ms D hadn't set up a payment plan for the arrears. This letter gave various monthly payment options for Ms D. Under the circumstances, I think Tesco acted reasonably by taking this action to prevent Ms D getting further into debt.

In summary, having reviewed things I can't see Tesco did anything wrong here under the specific circumstances of this complaint.

Ms D also raised concerns with our service that payments she made to her account weren't credited. I can't see this was raised with Tesco nor addressed as part of its final response. If Ms D wishes to pursue this, she should contact Tesco directly.

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 Ms D to accept or reject my decision before 7 November 2025.

John Bower
Ombudsman