

The complaint

Mr C complains that Barclays Bank UK PLC trading as Tesco Bank (Tesco) cancelled his loan direct debit which caused the decline of his credit file and rating. Mr C also complains that Tesco failed to make the required reasonable adjustments in consideration of his vulnerability.

What happened

In November 2021, Mr C entered into a fixed sum loan agreement with Tesco. The Loan was for £6,000 payable over 60 monthly repayments of £135.69.

Mr C complained that following a cancellation of his personal loan direct debit, by Tesco, he missed payments which resulted in a decline to his credit score.

Mr C says he believes Tesco were negligent in their duty of care which led to their unfair treatment towards him. He said Tesco failed to acknowledge his vulnerability and make reasonable adjustments, despite being informed about it.

Mr C says to resolve things he would like Tesco to restore his credit file to its previous level, pay him compensation for the significant emotional distress he's experienced and improve their systems.

In April 2025, Tesco issued their final response to Mr C's complaint which they didn't uphold. In summary it said Mr C was responsible for maintaining his monthly repayments. Tesco confirmed they cancelled Mr C's loan direct debit in September 2024, to support him through financial difficulties. However, they advised Mr C to reset the direct debit a month later and warned of the consequences to his credit file if he failed to do so. They said the account was brought out of arrears and up to date in March 2025.

Unhappy with their decision, Mr C brought his complaint to our service where it was passed to one of our Investigators to look into.

In June 2025, Mr C told our Investigator that his account was in arrears which he believes is a direct result of Tesco's actions. Mr C said due to his vulnerabilities he didn't recall the conversation he had with Tesco and assumed his direct debit payment would automatically reinstate itself. He said he found their responses to be unhelpful which caused him further distress and impact his credit file.

In July 2025, the Investigator issued their assessment of the complaint. In summary the Investigator recommended that Mr C's complaint should not be upheld. The Investigator concluded that Tesco had demonstrated forbearance and had treated him fairly in the circumstances.,

Mr C didn't accept the Investigators assessment and responded to say the lasting impact on his credit file was disproportionate, without reasonable adjustments and not in consideration of his vulnerabilities. However, as the Investigator's opinion remained unchanged, Mr C asked that his complaint be referred to an ombudsman for a final decision.

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 acknowledge what Mr C has told us about his health condition, and I'm sorry to hear about this. I recognise this would likely have made things more difficult for him. If he hasn't already done so, Mr C may decide to seek further support with his condition from recognised organisations. Further information about this can be found on our website at the following address: <https://www.financial-ombudsman.org.uk/accessibility/additional-support>

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Tesco provided us with a payment schedule which showed Mr C was in arrears with his loan account in September 2024, and from November 2024 onwards.

The Consumer Credit Act 1974 requires a lender to give borrowers notice of sums in arrears where there are at least two missed payments under the agreement. Tesco provided copies of correspondence they sent to Mr C in October 2024, January 2025 and February 2025, advising that the loan account was in arrears.

In addition, the Information Commissioner's Office (ICO) Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies (CRA) says "*Lenders that supply data to the CRAs are required to ensure that the data is accurate, up to date and meets agreed quality standards*".

So, in consideration of the relevant legislation and guidance, I'm satisfied Tesco were acting fairly by informing Mr C about the condition of his loan account and by reporting accurate credit information to the credit reference agencies. However, I've considered what Mr C has said about the effect on his credit file being disproportionate and that Tesco hadn't made reasonable adjustments for him in relation to his disability.

In an email to the Investigator, Mr C said he hadn't specifically told Tesco his medical condition, however that his circumstances should have alerted Tesco to take more action to support him.

Having listened to a phone call between Mr C and Tesco I can see that Mr C explained his personal circumstances to Tesco. Although he hadn't gone into detail about his health condition. Having considered this interaction, I'm satisfied Tesco explored forbearance options with Mr C. For example, they offered to cancel his direct debit as he told them he wasn't working, and his payments weren't affordable. Mr C told Tesco that when he was back in employment, he would call them back to set up his direct debit payments again. So, I'm satisfied Mr C knew at the time his payments were being cancelled and that they needed to be reinstated by him.

Mr C mentioned he was receiving payments for disability, but he didn't go into detail about the impacts of his disability. The phone call ended with Tesco advising it was important that Mr C should contact them in a month to discuss the payments going forward. Tesco also explained to Mr C what the consequences could be if he didn't contact them or failed to reach a payment arrangement with them. This involved an impact to his credit file.

Tesco is entitled to work on the basis that Mr C understood the terms of their conversation unless they were made aware that he didn't understand them.

I acknowledge what Mr C has said about his circumstances at the time, however, I don't think it's reasonable to hold Tesco accountable for Mr C's inability at the time to retain key information about the interaction they had with him. I'm not persuaded Tesco had a responsibility to implement any specific reasonable adjustments without having a better understanding of Mr C's vulnerabilities and their potential impact on him.

My final decision

My final decision is that I don't uphold Mr C's complaint about Barclays Bank UK PLC trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 November 2025.

Benjamin John
Ombudsman