

The complaint

Mr J complains that Barclays Bank UK PLC trading as Tesco Bank (Tesco) refused to reimburse him for a recurring payment set up on his account without his consent.

What happened

Mr J noticed a recurring payment had been debiting his account in the form of a continuous payment authority (CPA). The first payment was taken from his account on 2 December 2023. Concerns were raised with Tesco in January 2025.

The payments were being made to a merchant, I'll call P, and Mr J said he had not consented to them and nor had his wife as the additional card holder. Mr J initially disputed payments totalling £948.71.

Tesco responded to Mr J's concerns by raising a chargeback claim and were able to refund payments that had been taken from Mr J's account going back 120 days. This was in accordance with the Mastercard chargeback rules. And a total of £248.10 was returned to Mr J as a result of this.

But Mr J disagreed that he should be held liable for any of the payments because he had not consented to them, and said he believed that funds were taken from his account fraudulently by P.

So, Tesco investigated the matter further, but said they were unable to agree the payments met the definition of fraud. They did however acknowledge an oversight in the service it had provided to Mr J, so awarded Mr J £50 in recognition of this.

Our investigator on reviewing everything presented, upheld the complaint. In summary, he felt that Tesco had not provided sufficient evidence to show that the CPA had been made clear to Mr J or that he had consented to it.

As Tesco disagreed, the matter was passed to me to decide.

I sent Mr J and Tesco a provisional decision, to explain why I thought the complaint should be upheld. In that decision, I said:

Having reviewed matters, I mainly agree with the investigator's findings, but have decided on a slight change to the redress outcome that was recommended.

I'm aware that I've summarised this complaint in far less detail, but I've focused on what I think are the key issues here. I will, however, refer to all essential aspects which impact the decision I'm making.

The relevant law relating to authorisations are the Payment Service Regulations 2017 (PSRs) and the basic position is that Tesco can hold Mr J liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them.

But what Tesco cannot say is that the use of the card details conclusively proves that the payments were authorised.

Where credit is involved in cases like this, the PSRs make provision for the Consumer Credit Act (CCA) 1974 to apply in place of certain sections of the PSRs. These provisions can't be excluded by the account terms. The relevant sections of the CCA here involve a credit facility.

The relevant provision is section 83 of the CCA 1974. This says a customer isn't liable for any loss from the use of a credit facility unless they (or someone acting as their agent) used the facility.

In this case we are also dealing with a distance contract – where payments were made and the card not present. Both the Payment Service Regulations and the Consumer Credit Act 1974 make provisions for unauthorised transactions involving distance contracts.

Mr J states he didn't authorise or agree to a CPA with P and requests a refund for all the payments that debited his account. He states the merchant is unknown to him and identified it as a 'Rogue Trader' claiming it had fraudulently obtained his card details. He said he didn't sign up to any subscription and so disputed all the payments that were taken.

Here, I can see a chargeback claim was raised by Tesco and as a result Mr J received a refund of some of the payments made towards the CPA going back as far as the rules of the scheme allowed. So, what remains for me to decide is whether or not Mr J was reasonably informed and aware that he was entering into a CPA with P.

I note Tesco is holding Mr J liable as it believes he did agree to the CPA – so all the payments that haven't been refunded as a result of the chargeback claim it has considered as being authorised.

If I'm satisfied with this, then I wouldn't tell Tesco to refund the disputed payments. However, if I'm not, then I would consider the CPA unauthorised and taking the above regulation into consideration tell Tesco to refund the payments that were taken under a CPA.

I've reviewed the evidence presented by both parties in relation to whether Mr B agreed to the CPA and can see that Mr B has remained consistent throughout and refuted any suggestion that he or his wife entered into a subscription with P knowingly and mentions that neither he nor his wife had used the merchant's website. He states it's his belief that his details were obtained fraudulently and referred to information gathered from Trustpilot that highlights there were other victims of fraud by this particular merchant.

But Tesco said it is holding Mr J liable as the transactions in dispute were linked to an initial, genuine transaction, and the remaining transactions were debited under a CPA following this initial authorised transaction. It has presented evidence of what would have been agreed to and states that Mr J or his wife - as the additional card holder - would've had to tick a box to confirm that the terms and conditions had been read and agreed to.

It also mentions Mr J had provided copies of emails, sent from P to his wife, which referred to an ongoing membership and as such did not agree that the transactions were taken fraudulently.

Tesco has provided extracts from a website and having reviewed this it appears to have a different name to that of the merchant that is showing on Mr J's statements. So, there is

some doubt as to whether this is even the correct merchant. And it does not help with clarifying what terms and conditions Mr J would have agreed to.

But with that being said, even if I were to accept this was the merchant in question, from what I've seen from what has been presented, it does not make it clear that Mr J was entering into a CPA with P.

Having attempted to access P's website to review what is presented as information relating to the CPA in more detail for myself, it can't be found and does not seem to exist. Which seems to align with what Mr J has said about the merchant and alludes to it not being genuine.

To set up a CPA the merchant is required to provide specific information to a customer to make them aware they're signing up to this type of payment arrangement. The Office of Fair Trading (OFT) has guidelines about how these should be set up. The Financial Conduct Authority (FCA) has said the guidelines still apply, and I think they reasonably set out what merchants should be doing, but I've not seen any evidence to support this happened.

Mr J has stated he attempted to contact P independently for further information relating to the CPA agreement, but without success. So, it's unclear whether an informed agreement was reached to set up a CPA and nor can the website or the merchant's terms and conditions be found.

Tesco explains Mr J had an obligation to review his credit card statements. And if he had done so, he'd have noticed the problem earlier. I agree with this, it is always recommended that statements are checked. But the fact Mr J didn't check his statement doesn't override the fact on balance that he didn't agree to the CPA and authorise the disputed transactions.

Information provided by Tesco does however suggest that an initial payment of £2 was authorised and given that emails were also received from the merchant – which would imply the email address and card details were shared – I think it's more likely than not that the initial payment was authorised. But I'm not persuaded that there was any legitimate authority provided, or agreement made, to initiate a CPA with P, or that Tesco can fairly hold Mr J liable for any payments taken by P using a CPA.

Finally, I note Tesco paid £50 in compensation to Mr J for the service it provided when dealing with his concerns. Having considered this, I think that's fair in the circumstances of this case and fairly reflects the distress and inconvenience caused.

I said I'd consider any further submissions made by either party – so long as I received them before 1 September 2025.

Responses to my provisional decision

Mr J responded with further, more recent Trustpilot reviews of the company.

Tesco responded to say it was unable to agree with my findings, it said:

- It still believes Mr J authorised the payments and agreed to the CPA.
- It presented a link to the website to follow.
- It referred again to screenshots it had previously presented of the checkout process which provided a step-by-step demonstration of what Mr J would have had to agree to in order to enter into a subscription with P and it requested that reconsideration be given to this.

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.

In doing so, I've thought carefully about everything Tesco has said in its response to my provisional decision, along with me making a further attempt to visit the website via the link Tesco has provided – which was unsuccessful - so I'm still persuaded that the complaint should be upheld.

I appreciate Tesco's attempts in providing a link to the website and a demonstration of the checkout process, but as I've explained previously, I can't be sure the information Tesco has provided belongs to P and even if it does, I think it's unclear in informing the payer that they are agreeing to enter into a CPA.

Mr J has maintained he provided no authority to enter into a CPA with P, and when it came to his attention, he attempted to make contact with the merchant directly and requested a copy of the agreement, but this was not forthcoming.

As Tesco also hasn't shown that a CPA was agreed to, I'm not persuaded that it is fair that Tesco hold Mr J responsible for any payments made under the CPA.

So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above, my findings still remain that Mr J did not agree to initiate a CPA with P, so Tesco can't fairly hold Mr J liable for any payments that were paid to P using a CPA.

Putting things right

For the reasons I've explained, I uphold this complaint.

To put things right I direct Tesco to:

- Refund Mr J the total sum of all the remaining disputed transactions made under the CPA, excluding the initial £2 payment.
- Refund any interest and charges incurred as a result of the disputed transactions.
- And calculate and pay 8% interest from date of payment to settlement on any outstanding amounts including any resulting overpayments made to the credit card.

My final decision

I uphold Mr J's complaint, and direct Tesco Bank to put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 October 2025.

Sukhdeep Judge
Ombudsman