

The complaint

Mr D complains that Barclays Bank UK PLC trading as Tesco Bank ("Tesco") unfairly defaulted his credit card account.

What happened

Mr D had a credit card with Tesco. In July, August and September 2024 Mr D didn't make any payments towards the card, despite having an outstanding balance of around £3,500.

On 1 October 2024, Tesco wrote to Mr D to say the account has gone over the agreed limit and he needed to make payment, or set up a payment plan. One week later, Tesco sent Mr D a default notice.

On 14 October 2024 Mr D called Tesco to ask what was going on with his account. He was told a default letter had been issued. This could be stopped and there were a couple of options. Mr D chose option one which required him to make a payment by 18 October 2024 and call back with a new promise to pay by 18 November 2024.

No further contact was received, so the account was defaulted. Mr D found the default in December 2024 and complained to Tesco. He said the 18 October 2024 was a difficult day to him due to personal reasons, and he had a recent change in employment, with small children and his wife not working. He also said the loan accounts he held with them were for more but they weren't defaulted and he doesn't think it's fair.

Tesco issued their final response letter. They said, because of the background set out above, they'd treated him fairly and the default was recorded correctly. Mr D was unhappy with the response so he referred his complaint to our Service.

An Investigator here looked into things. They said Mr D was presented with two options, he chose the first one and the agreement made during the call on 14 October 2024 wasn't stuck to and therefore Tesco were fair in applying the default.

Mr D responded – he believes his postal address is incorrect and said he's never received any letters from Tesco. He also says it doesn't make sense as the loans are for a higher amount.

The Investigator went back again to Mr D – they said the loans are a different agreement to the credit card and so it doesn't matter that one is of higher value than the other. They reiterated that the agreed option wasn't met, and Mr D didn't make minimum payments for over a year if payments were made at all and so the default is fair.

Because an agreement couldn't be reached, 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.

Having done so, I'm in agreement with the Investigator. I know this will come as a disappointment to Mr D, so I'll explain my reasoning in more detail below.

First of all, I've thought about the Information Commissioners Office (ICO) guidelines on defaulting an account. The ICO says that by the time an account is three to six months in arrears, a lender is entitled to default an account. Mr D didn't make any payment to the account for three months, and then paid significantly less than the minimum due ever since. So, I'm satisfied that Tesco have allowed Mr D enough time to catch up on repayments prior to defaulting the account.

I appreciate the information Mr D has provided regarding why the 18 October 2024 was such a difficult day for him. However, having listened to the call he had with Tesco on 14 October 2024, it was made clear to him on more than one occasion he would need to call them back on 18 October 2024. I think Mr D likely would have known that this may be a challenge for him. But Mr D didn't want to follow through with the second option Tesco were offering him which didn't involve making a call on that day, so I can't say this is a reason for the default to be removed.

In addition to this, Tesco made it clear that the arrears would need to be cleared by 18 November 2024 if he was to choose option one. Mr D still chose to proceed with this option. Had Mr D cleared the arrears on that date, I may be more inclined to say there's leeway to remove the default. But the minimum due was £385 and Mr D paid £75 – so option one in my mind was made up of two parts. Make a call on 18 October 2024 and clear the arrears by the end of November 2024. Mr D didn't meet either of these parts despite them being made very clear during the call he had with Tesco.

I've also thought about what Mr D has said regarding not receiving a default notice. I'm sorry to hear the postal service in his area was struggling, but this isn't Tesco's fault. They issued it and I'm satisfied it was sent to the correct first line of address and postal code. I note Mr D says the specific town mentioned is different, but in my experience it's not this that would make a difference to the post not being delivered.

In any event, Mr D was told a default notice had been issued and what he needed to do to prevent the account being defaulted. Even if he hadn't been told, I'm comfortable that Mr D ought reasonably to have been aware he wasn't making any payments to his account and that he was breaking the terms of the account agreed upon when taking out the account.

Mr D's complaint was referred in June 2025 – and up until this point I can see he's been making significantly less than the amount due. It appears that ultimately, Tesco would've always been in a position where the account would need to be defaulted, and by applying it sooner rather than later, it means the default will drop off of Mr D's credit report sooner.

Finally, it doesn't make a difference that the loan accounts are for more money than the credit card. The agreements are separate and the way in which Tesco are wanting to allow forbearance is different per product, and they're entitled to do this. The amount involved isn't relevant to whether or not it's appropriate to default an account.

Once again, I appreciate this will be disappointing for Mr D, and I'm sorry to hear of the challenging time he's been through, but I can't say Tesco acted unfairly when recording a default against him.

My final decision

It's my final decision that Barclays Bank UK PLC trading as Tesco Bank didn't treat Mr D

unfairly when recording a default.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 10 December 2025.

Meg Raymond
Ombudsman