

## **The complaint**

Mrs N on behalf of Mr N complains that Tesco Personal Finance Limited (Tesco) lent to him irresponsibly.

## **What happened**

Mr N opened a credit card account with Tesco in March 2024 with a credit limit of £10,100. This card had a promotional offer of a 0% interest rate on balance and Money Transfers for 22 months. It appears that Mr N transferred a number of other debts using this promotion. However, he fell into difficulty with the account and Tesco agreed a repayment plan Mr N set up as part of a debt management plan in October 2024.

Mrs N on behalf of Mr N complained to Tesco about the lending saying it had been unaffordable. Tesco looked into the complaint and accepted it hadn't lent responsibly to him. So, it agreed to refund the interest and charges applied to the account. And has subsequently said it will remove any adverse information from Mr N's credit file once the debt is repaid. Mrs N was unhappy with this response and felt the refund didn't account for the impact of the decision to lend. So, she referred the case to this service on behalf of Mr N.

One of our investigators looked into Mr N's complaint and felt that Tesco's offer was fair. Mrs N said she didn't feel the offer was fair and explained that Mr N had a condition that made him vulnerable and caused him to spend compulsively. She explained that the stress of the debt was exacerbating his gambling addiction, and she considered that the impact of the lending meant that the debt should be written off. The investigator explained that Tesco hadn't been aware of Mr N's vulnerabilities at the time of the lending and so we couldn't reasonably say its offer was unfair.

Mrs N didn't accept what our investigator said and as no agreement could be reached, the complaint has been passed to me for a 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.

Having done so I issued a provisional decision saying:

*"It's not in dispute here that Tesco acted unfairly when it decided to lend to Mr N in March 2024. So, I will focus my decision on the crux of the issue here, which is whether Tesco's offer to put things right is fair."*

*We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance, and good industry practice - on our website.*

*In summary a business needs to take reasonable steps to ensure that it doesn't lend irresponsibly to its customers. This means it should carry out proportionate checks to make*

sure the customer can afford to repay what they're being lent in a sustainable way. Once it's completed those checks it needs to assess the information to ensure it's making a fair decision to lend to that customer based on what it knows.

Where it's concluded that a business has made a mistake, we'd normally direct that business to put the customer in the position they would be in now if it hadn't made a mistake, as far as is reasonably practical.

But in cases where a customer has had the benefit of the lending, i.e. they were given the credit card and used the money, we generally consider it to be fair for the customer to repay what they borrowed. But we don't agree that a business should benefit from its decision to lend the money.

So generally, we would say it's fair for a business to:

- Remove any interest and charges incurred as a result of the lending.
- Work out how much a customer would have owed after the adjustments for interest and charges.
- If after all adjustments have been made, an outstanding balance remains, the business must look to arrange an affordable payment plan for the outstanding amount (if one isn't already in place). And once the customer has cleared the balance, any adverse information recorded because of the unfair lending should be removed from their credit file.

In this case Tesco has already accepted it didn't make a fair decision to lend and has offered to put things right in the way we would expect. However, I have also considered the arguments Mrs N has made in relation to Mr N's vulnerability and addiction issues.

Firstly, I'd like to say how sorry I am to hear of Mr N's circumstances, and I don't doubt what a difficult time this is. I can appreciate how upsetting this situation must be and would like to reassure him that I have taken all of Mrs N's testimony into careful consideration.

I've considered whether it would be reasonable to ask Tesco to write off Mr N's debt but based on what I've seen I don't think it would be. I say this because as Mrs N has acknowledged, Tesco had not been made aware of Mr N's vulnerabilities or gambling addiction before or at the time of the lending. There's no obligation for lenders to gather information about a customer's health before lending, and I can't see any evidence that it would have been reasonable for it to have done so in Mr N's case. So, I can't reasonably conclude that Tesco should have been aware of Mr N's vulnerabilities or addiction issues when it lent to him in March 2024.

I've also considered whether there were any signs from the conduct of the account that Mr N was vulnerable that Tesco should have picked up on. But I can't see that there were. With the exception of around £100 worth of transactions, the remaining balance was made up of balance transfers from other creditors.

Given this, it was impossible for Tesco to understand how Mr N was spending the credit advanced to him until he began making transactions in July 2024. However, by August 2024 Mr N had fallen behind with payments and no further transactions were made on the account. So, I don't think there was enough information available to Tesco about Mr N's spending habits for it to have realised something might be wrong sooner.

I don't doubt Mr and Mrs N's strength of feeling and it's accepted that Tesco didn't make a

*fair decision to lend. But, taking account of the information available to me, I don't think Tesco's offer to put things right is unreasonable in the circumstances of the complaint.*

*Subject to any further submissions of new evidence from the parties, my intention is to find Tesco's offer as set out below is fair.*

- *Remove any interest and charges incurred as a result of the lending and adjust the outstanding balance accordingly.*
- *Remove any adverse information recorded on Mr N's credit file as a result of the unfair lending, once Mr N has cleared the outstanding balance."*

Neither party responded to my provisional decision by the deadline given. So, in the absence of any further evidence, I see no reason to depart from my provisional decision.

### **My final decision**

My final decision is that I find Tesco Personal Finance Limited's offer as set out above fair and reasonable in the circumstances of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 13 November 2025.

Charlotte Roberts  
**Ombudsman**