

## **The complaint**

Mr R complains that Barclays Bank UK PLC trading as Tesco Bank unfairly applied additional interest and fees to his credit card account following a missed payment.

## **What happened**

Mr R holds a credit card account with Tesco. The account requires him to make monthly repayments towards the account balance. Mr R made these payments by direct debit which was put in place in April 2025. But in May 2025, Mr R inadvertently cancelled his monthly direct debit, meaning his May payment could not go through automatically.

Mr R attempted to reset the direct debit for May, but it was too late, so instead, paid manually in May; and attempted to reset his direct debit for June's payment. However, in early July, upon checking his account balance within the Tesco app, he discovered that June's payment had not gone through, and he' been charged additional fees and interest. He reached out to Tesco, who agreed to refund the late payment fee of £12, but they said they weren't able to do anything about the additional interest charge – so, Mr R complained.

Tesco responded. They explained that they could see the direct debit was cancelled for the May payment, but there was no footprint left on their system showing a direct debit reset for June, and as such, the June payment wasn't taken. So, they said they were right to apply interest to the account for that month and charge a late payment fee. They did, however, agree to refund the £12 late payment fee and applied a 2-month interest waiver on his account. They also agreed a £25 good will gesture, for not transferring authority to speak to his wife from one of their systems to another. Unhappy with Tesco's response, Mr R brought his complaint to our service.

An investigator considered Mr R's complaint, but ultimately, didn't recommend it be upheld. In summary, he said he couldn't see sufficient evidence to show that Mr R had correctly reset the direct debit on his account in order for the June payment to be taken. So, he didn't think it was unreasonable for Tesco to have applied late payment interest and charges to his account - given the payment for June hadn't gone through.

But Mr R remained unhappy. So, as the parties remain in disagreement, the case was 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.

While I know this will come as a disappointment to Mr R, I agree with the investigator here for broadly the same reasons.

The evidence in this case is limited, as Mr R has been unable to provide supporting evidence to show that he reset the direct debit when he said he did. That is not unusual however, and I accept that minimal evidence would be available to support Mr R's claims. I

do accept that Mr R went onto Tesco's app with the intention of resetting the direct debit; and, having realised it was too late to do so for May, made a manual payment, and intended to set up the direct debit for June.

Tesco have provided our service with a log of changes made to Mr R's account. This includes, amongst other things, changes to payment method such as direct debits.

These records show a direct debit being set up in April 2025, but following Mr R inadvertently cancelling this in May, there were no further direct debits set up on his account until September 2025.

This is further supported by Mr R's statements, where the statement produced in May 2025, shows that the full balance will be taken by direct debit on 26/05/2025, but the June statement that follows, instead says that "*Your minimum payment should reach your account by 1 Jul 2025. You must pay at least your minimum payment each month.*"

While I accept Mr R may not have seen this in the small print, the evidence I have suggests that there was no direct debit set in place for June's payment - based on the statement information – and, this seems to be as a result of no new direct debit being set up for June, as evidenced by Tesco's system logs.

So, while I don't doubt Mr R's testimony, and I believe he had every intention of resetting his direct debit, the evidence I have points to this not going through. And based on that evidence, it would be unfair of me to conclude that Tesco did anything wrong in applying interest and charges to his account following the missed payment.

I am pleased to see however that as a gesture of goodwill, that Tesco agreed to waive the £12 late charge fee, as well as pay £25 in compensation for some other service-related matters. But in the circumstances, while I understand this will disappoint Mr R, I'm satisfied this was sufficient, and therefore I won't be asking Tesco to do anything more.

### **My final decision**

My final decision is that I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 January 2026.

Brad McIlquham  
**Ombudsman**