

The complaint

Mr D complains that Barclays Bank UK Plc trading as Tesco Bank ('Tesco') reported arrears to his credit file instead of a default. He's unhappy he's had no means to monitor and manage his account.

Mr D wants Tesco to amend his credit file and pay him compensation.

What happened

Mr D complained to Tesco in May 2025 that missed payments were reported to his credit file for several years which affected his ability to get credit.

Tesco accepted they should have defaulted Mr D's account in February 2020. Tesco paid Mr D £250 compensation in total - £200 for the mistake, and £50 for the time it would take to update Mr D's credit file with the default.

Mr D complained to the Financial Ombudsman Service. Our investigator considered the available evidence and said he thought Tesco had fairly resolved Mr D's complaint by amending his credit file and paying him £250 compensation.

Mr D disagreed and sought an ombudsman's decision. He said his credit score improved by 60% when the amendment was made, showing the default was less significant than ongoing arrears markers. Mr D said he'd been declined for credit applications over the years and didn't think £250 fairly reflected his distress and inconvenience. He thought up to £1,000 would be appropriate.

The matter then came to me to decide. I gave Mr D time to send further evidence, but he didn't provide anything else for me to consider. As the deadline for submitting evidence has now passed, I am ready to issue my findings.

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.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having considered the available evidence, I agree with our investigator that Tesco have provided a fair and reasonable resolution to Mr D's complaint. I know this will come as a disappointment to Mr D, but I won't ask Tesco to do more. I'll explain why.

I don't agree Mr D hasn't had the means to monitor and manage his account as I've seen the monthly statements Tesco have sent to Mr D. These give details of his account balance, ways to pay and ways to contact Tesco.

I'm not persuaded that Mr D's newly increased credit score is evidence that Mr D's credit applications would have been successful if a default had been applied at the right time. Credit scores tell individuals about their financial standing, but they are not used by lenders as they have their own scoring models. A higher credit score doesn't necessarily mean Mr D would have satisfied a potential lender's criteria. Even if Tesco had added the default in 2020, potential lenders would still have considered it when assessing Mr D's creditworthiness.

Although a default is a past event and arrears suggest an ongoing issue, both are negative markers. I don't agree the difference is significant enough to justify higher compensation here. I've not seen evidence that any of Mr D's credit applications, including a 2023 mortgage, would have succeeded if the default had been recorded in 2020 instead of ongoing arrears.

Mr D contacted Tesco in 2022 about a CIFAS marker which was removed, and again when he made this complaint in May 2025. I think Tesco swiftly acknowledged the problem with Mr D's credit file when it was brought to their attention.

However I agree Tesco could have rectified Mr D's credit file sooner. While Tesco were following their process to formally default the account, by sending regulatory notices, I'm not persuaded this was necessary to report a default to the Credit Reference Agencies.

I say this because The Information Commissioner's Office explain on their website in their information to the public that while there is a requirement under the Consumer Credit Act 1974 to issue a default notice, there is no data protection obligation on a lender to issue such a notice to individuals prior to marking the account as being in default on their credit file.

Saying this, Tesco did recognise there would be a further delay in reporting the default to Mr D's credit file, and they paid him £50 compensation for this issue. I think that's reasonable in the circumstances.

Overall Tesco paid Mr D £250 for his distress and inconvenience. I think that sum fairly reflects that Mr D made a special effort to resolve this issue and it's taken longer than everyone hoped. I think that sum fairly reflects Mr D's distress to find out his account had been reported incorrectly, whilst also considering the correct reporting would still have had a significant negative impact on Mr D's credit file.

I know this won't be the outcome Mr D was hoping for, but I won't ask Tesco to take further action on this occasion.

My final decision

For the reasons I've outlined, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 10 March 2026.

Clare Burgess-Cade
Ombudsman