

The complaint

Miss T complained about the way Tesco Mobile Limited trading as Tesco Mobile (“Tesco Mobile”) administered a credit sale agreement she’d taken out to buy a phone.

What happened

The events surrounding this complaint are well known to both parties, so I’ll only summarise what happened briefly here.

Miss T bought a phone for around £860 in January 2023 using a credit sale agreement with Tesco Mobile. The agreement required 36 payments of around £24. At the same time, she also entered into a separate agreement for an airtime plan which was £14 per month. So the total monthly payments for both the phone and the airtime were around £38.

A couple of months later, in March 2023 the airtime plan was amended to £12.50 per month, so the total monthly payments for both the phone and airtime from this point on, were now around £36.50.

The monthly payments for February 2025, March 2025 and April 2025 were not made towards the agreements, resulting in the agreements terminating.

Miss T complained to Tesco Mobile in May 2025 as she was unclear on what the arrears Tesco Mobile had contacted her about were regarding and how they had been calculated.

Tesco Mobile investigated Miss T’s complaint but didn’t uphold it, and so the complaint was brought to the Financial Ombudsman.

Our investigator didn’t uphold the complaint and Miss T responded by making a number of points, including:

- Miss T was not given a clear explanation on how the arrears had accrued, despite her contacting Tesco Mobile to request an explanation
- Miss T feels that the payments failed from February 2025 onwards due to Tesco Mobile cancelling the direct debit instruction, rather than from Miss T cancelling it herself

As Miss T disagreed with the investigator’s view it 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.

I’m aware I’ve summarised the events of this complaint. I don’t intend any discourtesy by this – it just reflects the informal nature of our service. I’m required to decide matters quickly and with minimum formality. But I want to assure Miss T that I’ve reviewed everything on file. If I don’t comment on something, it’s not because I haven’t considered it. I’ve concentrated on

what I think are the key issues, which our powers allow me to do. Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

Tesco Mobile is seeking to recover payment from Miss T under a credit sale agreement. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to it.

How Tesco Mobile ended the agreement

Regular payments were made towards the phone and airtime agreements up until February 2025, when the monthly instalment for these agreements was missed as the direct debit failed. I will comment more on the reasons for the direct debit failing, later in my decision.

After the February 2025 instalments were missed, SMS text messages and an email were sent out by Tesco Mobile.

The March 2025 instalments were then also missed, and so Tesco Mobile issued arrears notices followed by a default notice.

The April 2025 instalments were also missed and so Tesco Mobile wrote to Miss T to inform her they were closing her account. The account was later closed at the start of May 2025, with the remaining outstanding balance on the phone agreement becoming due.

Around the time the agreement was terminated there had been four missed payments, since the last successful payment in January 2025. So on the face of it, I don't think Tesco Mobile acted unreasonably in ending the agreement when they did, given the length of time there had been arrears on the account.

However, Miss T has explained that Tesco Mobile didn't make it clear how the payments for her agreements were made up, and that when she asked for clarification on this she was provided unclear information. So I've considered this further.

When the phone and airtime agreements were first taken out, the "*order details*" set out the "*tariff: £14.00 Clubcard Usage contract*" and the "*credit agreement details: £23.99 Device Credit Agreement*". It also set out the total monthly cost by saying "*Monthly charges: £37.99*". I think this made it reasonably what the total monthly cost was, and that this was due to the phone agreement being £23.99 and the airtime agreement being £14 per month. In addition to this, around a year later in March 2024, Tesco Mobile sent out an email reminder to Miss T to explain the status of the agreements she had with them, explaining "*We just wanted to give you an update on your contract for *****, which is split by phone and usage. Your usage contract is 1 month rolling and your phone contract has 22 month (s) left.*". The email then also gives another breakdown of the amounts Miss T was paying. So I'm satisfied that Tesco Mobile provided reasonably clear information on how Miss T's agreements operated and how much she had to pay.

Miss T has explained that she wrote to Tesco Mobile on a number of occasions to request clarification on the arrears that had built up, but didn't get a satisfactory response from Tesco Mobile. Miss T first wrote to Tesco Mobile on 15 May 2025, which was after the agreement had already been closed. Tesco Mobile eventually provided a response to Miss T on 8 July 2025 by providing a breakdown of how the outstanding balance had accrued, from the missed payments since February 2025, and the remaining balance on the phone agreement.

Whilst there was a delay in providing a response to Miss T, Tesco Mobile did apologise for this in their response. As the response was within eight weeks of Miss T contacting Tesco Mobile, I think this was reasonable for Tesco Mobile to do.

Miss T has explained that following Tesco Mobile's explanation, she remained uncertain on how the arrears had accrued, as she felt she'd already paid enough to repay the phone agreement in full, and in fact had overpaid. However, I note this isn't actually the case, and

Miss T had not overpaid on the phone credit agreement. I say this because the phone credit agreement was for £863.64 to be paid through 36 instalments of £23.99, and at the time the phone agreement ended in May 2025, 25 instalments had been paid, and 3 instalments had been missed, so there were still 8 monthly instalments left to be billed until the phone agreement had run its full 36 month course and the phone agreement paid off.

I note Miss T has pointed to the fact she was paying more than the £23.99 during her agreement - around £36.50 - and so she feels these were overpayments which should be considered, but it is important to emphasise that the instalments Miss T made to Tesco Mobile were not overpayments towards just the phone agreement, and were in fact combined phone and airtime payments, so Miss T was paying £23.99 for the phone and £12.50 for her airtime, for most of the agreement. So Miss T didn't make any overpayments and I think Tesco Mobile it reasonably clear through their previous correspondence with Miss T, how the agreements operated.

I appreciate this is something Miss T has said she was still uncertain of, but my role is to look at what Tesco Mobile have done, and from what I've seen they have provided consistent and reasonably clear information on how the payments for the two agreements worked. I say this because Tesco Mobile's 8 July 2025 response provides a copy of the credit agreement, and explains the arrears are broken down into the three missed payments of £36.49 for the phone and airtime agreements from February 2025, March 2025 and April 2025, and £191.92 which was the remaining balance on the phone agreement. I note this £191.92 figure represented the eight monthly instalments of £23.99 which had not yet accrued under the phone agreement, due to it ending eight months early, so it appears the information Tesco Mobile provided to Miss T about the arrears and the outstanding balance was accurate.

So I can't say that Tesco Mobile have provided unclear or inaccurate information to Miss T.

The direct debit failure

Miss T has raised concerns about how the direct debit actually failed in February 2025. Tesco Mobile have stated the direct debit instruction was cancelled by Miss T, whilst Miss T disputes this and states that she didn't cancel the direct debit.

I'm not able to say for certain what happened here, as both parties are claiming that the other cancelled the direct debit instruction. So I have to base my decision on what I think is most likely. By Miss T's own testimony, she felt that she'd already repaid the phone agreement around the time the payments started to fail. In addition to this, after the failed payments it appears Tesco Mobile contacted Miss T through different communication methods to make her aware of the failed payments. Had the error been on Tesco Mobile's side, I think it's likely that reminders from Tesco Mobile of a failed payment would have most likely caused Miss T to contact Tesco Mobile to seek to make alternate payments to Tesco Mobile, but I can't see Miss T contacted Tesco Mobile until the agreements were already over three months in arrears.

So on balance, I can't safely conclude that the direct debit failures were the result of an error Tesco Mobile made.

Finally, I'm aware that following my findings Tesco Mobile or their debt collectors may start to contact Miss T to make arrangements for the outstanding balance.

In doing so, I remind Tesco Mobile of their responsibility to treat Miss T's financial circumstances with due consideration and forbearance. This may mean, amongst other things, Tesco Mobile carefully considering Miss T's income and expenditure to put together an affordable repayment plan, if she needs such an arrangement.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 12 March 2026.

Jonathan Wistow
Ombudsman