

The complaint

Mr M complained about the way Barclays Bank UK PLC trading as Tesco Bank (Tesco Bank) administered a personal loan agreement he had with it.

What happened

Mr M applied for a personal loan in September 2025, which Tesco Bank approved. The loan funds were paid to his personal current account on 3 November 2025.

Mr M used the loan funds to purchase a car, but he was unhappy with it and asked the dealership to return it around 12 November 2025. However, there were delays in the dealership responding to Mr M's request. The dealership agreed to the return of the car and returning Mr M the funds around 2 December 2025.

Mr M contacted Tesco Bank on 3 December 2025 to repay the loan. However, as he was outside the 14 day withdrawal period he was provided an early settlement figure which included interest. Mr M complained as he said that he acted promptly and repaid the loan funds and didn't think it was fair that Tesco Bank applied interest.

Tesco issued its final response letter and explained that as Mr M applied for a personal loan, Section 75 of the Consumer Credit Act 1974 (Section 75) didn't apply. It acknowledged that Mr M had issues with the dealership, however it explained that repayment of the loan was Mr M's responsibility and not another third parties. It said that as Mr M contacted Tesco Bank outside the 14 day withdrawal period it applied the interest in line with the terms and conditions of the loan agreement.

Mr M referred his complaint to the Financial Ombudsman Service. Our investigator considered the complaint but didn't uphold it. She didn't think Tesco Bank acted unfairly in applying interest in the early settlement figure.

As Mr M disagreed the complaint has been passed to me to make 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 want to acknowledge I've summarised the events of the 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 Mr M and Tesco Bank that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

When considering what is, in my opinion, fair and reasonable, I must take into account relevant law and regulations; regulator's rules including Consumer Duty, guidance and standards; codes of practice; and what I believe to have been good industry practice at the

relevant time. Where evidence is incomplete, inconsistent or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

I acknowledge Mr M feels strongly about this matter and said it's unfair that he has to pay interest due to the delay of the dealership's actions. However, I need to consider the actions of Tesco Bank as the financial services provider in this complaint. I'm not considering a complaint about the dealership. I've considered if Tesco Bank has acted fairly and reasonably. Having looked at the available evidence I'm sorry to disappoint Mr M but I don't think it's fair to ask Tesco Bank to waive the interest it added.

Mr M entered into a fixed sum loan agreement with Tesco Bank. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to this sort of agreement.

Mr M entered into a personal loan so I don't think he could raise a valid Section 75 claim as the funds were paid to him directly and I don't think there is a valid debtor-creditor-supplier agreement in place.

I've considered if Tesco Bank applied the interest within the early settlement figure fairly. The terms and conditions of the loan agreement state that Mr M can withdraw from the agreement without paying interest within 14 days of Tesco Bank's notification that the loan had been opened – this was sent to Mr M on 3 November 2025. As Mr M contacted Tesco Bank outside of this period, I don't think it was unfair of it to provide Mr M an early settlement figure which included interest after an interest rebate.

Additionally, I understand that Mr M has said that the delay in contacting Tesco Bank was because he was waiting on the dealership's actions. However, while I appreciate Mr M was trying to sort things out with the dealership, I don't think it's fair to hold Tesco Bank responsible for the delay.

Based on the evidence available to me I think Tesco Bank has acted fairly and in line with the terms and conditions of the loan agreement. I don't find grounds to direct it to remove the interest which has been applied in the early settlement figure. Therefore, I won't be asking Tesco Bank to do anything.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 April 2026.

Amina Rashid
Ombudsman