

## The complaint

Mr Y complains that Barclays Bank UK PLC trading as Tesco Bank failed to process the closure of his account correctly.

## What happened

Mr Y held a credit card account with Tesco Bank.

On 28 June 2025 Mr Y paid the balance showing on his online account and closed the account using the online closure form.

Despite closing the account, Mr Y received automated text messages and email from Tesco Bank advising him that there was an outstanding balance.

Mr Y was unable to access his account online or contact Tesco Bank by telephone, so he was unable to check statements or access payment options.

Mr Y complained to Tesco Bank. He asked it to confirm that the balance on the account had been zero since 28 June 2025. He asked Tesco Bank to cease all automated payment reminders and confirm that his credit file hadn't been affected.

Tesco Bank issued a final response on 14 October 2025. It said:

*"On 11 June, we issued a statement showing a balance of £202.11, with a minimum payment of £25.00 needed by 6 July. Between 12 June and 27 June, there was further spending of £262.24 making the balance £464.35. You made a payment of £402.58 on 27 June, which left £61.77 outstanding."*

*"A statement sent on 11 July 2025 showed the spending and the remaining balance of £61.77, with a minimum payment of £25.00 needed by 5 August. As payment was not received, we applied a late payment fee and interest and sent a letter to confirm this. Further statements were sent on 11 August, 11 September and 11 October, along with collections letters. More fees and charges were added and the statement on 5 November showed a balance of £89.09, which is still payable"*

*"The account was closed by you using the online closure form, but the balance was not paid in full."*

*"When an account is closed, there's no online access, but we've been sending letters to let you know about the balance. As we haven't had a response, this has affected your credit file. The only way to stop further messages is to pay the balance"*

*"As a responsible lender. Were required to provide true and accurate information to the CRA's surrounding our customer's payment history. As such, we'll be unable to update your credit file as we're unable to identify an error was made by Tesco Bank"*

Mr Y remained unhappy. He said that Tesco Bank's account management process had failed because the online system permitted his account to be closed with an outstanding

balance. Mr Y said the failure created the misleading impression that he had settled his account. Mr Y said that whilst he acknowledged the outstanding balance, he had been prevented from making payment via the banks automated systems as his credit card number wasn't recognised because he had closed his account. Mr Y said that after closing the account he had no obligation to inform Tesco Bank of his new address as he had terminated his relationship with the bank.

Mr Y subsequently paid the outstanding balance. Tesco Bank agreed to waive the accrued interest and charges of around £12.00.

Mr Y referred his complaint to this service. He wants his credit file amended and compensation for the distress caused.

Our investigator didn't uphold the complaint. They said the online closure form that Mr Y had completed contained information about what would happen if the account was closed with a balance, which included no online access, interest at the current rate and paper statements sent to the registered address. The investigator said that Tesco Bank had sent statements to Mr Y at his registered address and had sent text messages about his outstanding balance. The investigator said that Tesco Bank hadn't made an error in applying interest to the account and reporting the arrears to the credit reference agencies.

Mr Y didn't agree. He said he hadn't been able to log into his account or telephone Tesco Bank to pay the balance. He said the investigators opinion didn't mention the fact that although he'd settled the account in October 2025, Tesco Bank continued to send him arrears letters requiring payment of £14.04.

The investigator responded and said the online closure form had made it clear that once the account was closed Mr Y wouldn't be able to use online banking or the mobile banking app. The investigator said that Tesco Bank had sent monthly statements to Mr Y showing what was owing and had sent text messages, which Mr Y acknowledged he'd received. The investigator said that they didn't think Tesco Bank could've done more to make Mr Y aware of the balance and said that Mr Y could've called Tesco Bank at any time to discuss the text messages. The investigator said that Mr Y's complaint about receiving arrears letters after he had settled the account was outside the remit of this complaint, as this service was only able to investigate complaint points covered within the business's final response letter.

Mr Y didn't agree. He said he'd tried to telephone Tesco Bank with his 16-digit card number, but the banks automated system didn't recognise the credentials because his account was closed. Mr Y said that Tesco Bank had sent statements to an address which they knew was no longer his residence and hadn't provided a functioning payment option. Mr Y repeated his request that his complaint about the ongoing arrears letters was considered as part of his complaint.

Tesco Bank subsequently wrote to Mr Y and explained that when Mr Y settled his account on 24 October 2025 it had overlooked to refund the late payment fee and interest which it had agreed to do, which had resulted in arrears letters being issued. Tesco Bank apologised for the error and confirmed that the late payment fee and interest had been written off. It confirmed that it had updated Mr Y's credit file to remove the missed payments from October 2025 and paid £150 compensation.

Mr Y said that this admission by Tesco Bank proves that its administrative systems are prone to error, and that this supports his contention that the banks systems were the primary barrier to him resolving the account balance in July 2025.

Because Mr Y didn't agree with the investigator's opinion, I've been asked to review the

complaint.

### **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 know it will disappoint Mr Y, but I agree with the investigator's opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and thin jabet it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

It's not in dispute that Mr Y made a payment on 27 June 2025 and closed his account using the online account closure form. The payment made by Mr Y didn't clear the balance on the account, even though Mr Y thought it did. I can't say why Mr Y didn't clear the balance. It's possible that he cleared the statement balance (as opposed to the account balance). Whatever the reason, it's clear from the statements that there was an outstanding balance. I note that Mr Y settled this balance in October 2025 without disputing it.

Mr Y has asserted that Tesco Bank made an error by allowing him to close his account with a balance outstanding. I disagree. A credit card account can be closed with an outstanding balance, but the debt doesn't disappear. The customer is required to make regular payments until the balance is repaid in full, and interest will continue to accrue on the balance. This is confirmed in the online account closure form.

I've reviewed the online account closure form. It states:

*"A few important things you'll need to know:*

*Once your account is closed, if this is your only account, it can't be reopened, and you won't be able to use Online Banking or our Mobile Banking App. If you've got a balance, we'll send you paper statements so you know how much to pay and when.*

*Interest will be charged at the current rate until your balance is £0. If you have recently cleared your balance, you may find there is still interest to be applied to your account. You'll see this interest on a statement which we will post to the address we have on file. If you have an outstanding balance on your card, interest will continue to be charged at the current rate. If you have a direct debit set up, then your payments will continue to be taken until your balance is £0."*

Following this statement there is a box to tick to confirm that you have read and understood the above. The account can't be closed without ticking the box. I'm therefore satisfied that Mr Y ticked the box to say that he'd read and understood the information.

I've reviewed the statements that Tesco Bank sent to Mr Y. These were sent to Mr Y at his registered address from July 2025 to November 2025 and show the outstanding balance, interest and charges, the minimum payment and the payment due date.

Mr Y has said that he didn't receive these statements because he was no longer living at that address. It's a customer's obligation to notify the bank of a change of contact details. I haven't found any evidence that Mr Y notified Tesco Bank of a change of address, so I can't say that Tesco Bank made an error by sending the statements to Mr Y at the address it held.

I can see that Tesco Bank also sent text messages to Mr Y about the outstanding balance. Mr Y has told this service that he received these.

Mr Y has referred to FCA Principle 7. He says that Tesco Bank breached this because the text messages he received about his outstanding balance directed him to log in to his online account, which he was unable to do having closed the account.

FCA Principle 7 states that a firm must pay due regard to the information needs of its customers. I've taken account of what Mr Y has said but I don't agree that the communications sent by Tesco Bank to Mr Y were unclear or misleading. The information on the online closure form is clear. The text messages advising Mr Y that he had an outstanding balance and the monthly statements sent to Mr Y are clear. In the circumstances, I don't think Tesco Bank could've done anything else to make Mr Y aware of the outstanding balance.

Based on what I've seen, I'm satisfied that Tesco Bank took reasonable steps to bring the outstanding balance to Mr Y's attention.

Mr Y has said that he was prevented from contacting Tesco Bank about the balance and/or prevented from accessing an effective means to pay the balance because he wasn't able to access his account online and wasn't able to contact Tesco Bank by phone due to the system not recognising his 16 digit number as a result of the account closure.

Tesco Bank has confirmed that Mr Y wouldn't have been able to access his account online because the account was closed. This was made clear to Mr Y in the information presented to him when he completed the online account closure form.

This service asked Tesco Bank whether Mr Y would've been able to use the automated telephone service to speak to someone about his balance. Tesco Bank has confirmed that its interactive voice response (IVR) system doesn't prevent customers with closed accounts from contacting them. Tesco Bank has provided an example IVR routing map which shows the options that Mr Y would've had to speak to an advisor.

I've also conducted the same exercise as the investigator by telephoning Tesco Bank on the number ending 4278. I can confirm that when the IVR requests the 16-digit number, if no number is entered the call is transferred to an agent.

Based on the information available, I'm not persuaded that Mr Y was prevented from contacting Tesco Bank to discuss and/or settle the outstanding balance during the period July – November 2025.

Taking everything into account, I'm unable to say that Tesco Bank made an error by sending the statements and texts, and by reporting the missed payments and arrears to the credit reference agencies. Tesco Bank – like all lenders- is obliged to report accurate information to the credit reference agencies. This service can only ask a lender to amend a credit file if there is clear evidence of a reporting error. In this case, I'm satisfied that Tesco Bank has correctly reported the state of Mr Y's account, so I won't be asking it to do anything further.

Finally, I'd like to address the points that Mr Y has made about what happened after he settled his account in October 2025. He's unhappy that he continued to receive arrears letters. The investigator explained to Mr Y that this wasn't something this service could look into, because it wasn't something that Mr Y raised in his initial complaint to Tesco Bank and wasn't addressed in the final response from the business. I'm pleased to note that the issue has now been resolved, with Tesco Bank acknowledging an error and paying compensation. Mr Y has said that the fact that Tesco Bank made an error in October 2025 (and thereafter)

supports his contention that Tesco Banks systems prevented him from settling the outstanding balance in July 2025. I don't agree. I've already explained that I'm satisfied that Mr Y was made aware of the outstanding balance in July 2025 and could've contacted Tesco Bank by telephone. The error made by Tesco Bank in October 2025 was a human error, not a systems error.

For the reasons I've explained, I'm unable to uphold the complaint.

### **My final decision**

My final decision is that I'm unable to uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 21 May 2026.

Emma Davy  
**Ombudsman**