

The complaint

Mr P has complained about how Tesco Mobile Limited has administered a credit agreement linked to his phone.

What happened

To reflect my role of resolving disputes quickly with minimum formality, I'll only briefly summarise what happened here.

In September 2024, Mr P bought a new phone from Tesco using a fixed sum loan agreement. The first instalment was successfully collected on time by Tesco. But Tesco was unable to collect the second payment in October 2024. Tesco was also unable to collect the payments for December 2024 and January 2025. This led to Tesco terminating the account in February 2025.

Mr P says his bank noticed he'd been the victim of fraud, and this led to some of his direct debit payments being reversed and cancelled – which he made Tesco aware of. But they still proceeded to report the missed payments and default the account. So, Mr P complained to Tesco about this. Tesco responded by saying they were obliged to report this type of financial information to the credit reference agencies and declined to arrange for the adverse loadings to be removed. Unhappy with this outcome Mr P asked the Financial Ombudsman to consider the matter.

Our Investigator didn't uphold the complaint. In summary, they said they believed it was fair for Tesco to have reported the adverse loadings. However, the Investigator did agree Tesco had provided some poor customer service when failing to return a call when they said they would. But they thought the apology Tesco had made to Mr P was sufficient and they didn't need to do anything more.

Mr P didn't agree with the Investigator's findings saying, in summary, that:

- Multiple agents refused to put him through to a manager with some of the calls lasting over two hours.
- There were multiple instances (of at least ten) of Tesco managers failing to call him back over a period of several weeks.
- He was told by a Tesco agent in December 2024 that he could defer that month's payment, and it wouldn't have a negative impact on his credit record.
- Despite making a Subject Access Request (SAR) Tesco was unable to provide recordings of some of the calls including the conversation held in December 2024 during which Mr P says Tesco agreed to defer that month's payment.
- The arrears accumulated because of the delays in Tesco responding to his complaint about the disputed payments and due to them declining to discuss the matter further following them issuing their initial 'deadlock' letter in December 2024.

- He believes the account was terminated incorrectly as he wasn't given the required 30 days to clear the balance following the issuing of the default notice.

As Mr P didn't agree with the Investigator's findings, the complaint has come 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.

I want to acknowledge that 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 want to assure Mr P and Tesco that I've reviewed everything on file including listening to the provided call recordings. 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.

Mr P bought the device using a regulated fixed sum loan agreement, and our service is able to deal with complaints relating to these sorts of agreements.

I've thought carefully about what Mr P has told us about the unpaid payments and I accept his bank may have taken precautions to reverse one or more of the direct debits claimed from his account by Tesco. However, I haven't seen any evidence from Mr P to show the nature of the fraud Mr P says his account experienced. In any event, even if I did have that evidence, I don't think Tesco caused the missed payments to his credit agreement - I'm satisfied Tesco did attempt to collect those instalments.

Mr P has told us Tesco agreed to defer the December 2024 payment, but I'm not persuaded the provided evidence shows this. Tesco's contact notes record a conversation was held on 14 December 2024 about the possibility of that month's payment being deferred, but there's no record of Tesco agreeing to this. On balance, I think it's more likely than not that had Tesco agreed to the deferment then this would have been clearly recorded. I'm also mindful Mr P called Tesco on 31 December 2024 to check if that month's payment had been successful – with Tesco informing Mr P that it hadn't. This implies Mr P was aware he needed to make a payment and would need to take action to bring his account up to date.

I appreciate Mr P says Tesco has failed to send him some of the telephone recordings despite his subject access request (SAR). And he believes those missing recordings would support what he's saying. Tesco is aware of the serious ramifications should it be determined that they hadn't fully complied with a SAR. So, I think it's likely they did send Mr P all the call recordings they had as part of his SAR. If Mr P doesn't believe Tesco has done so, then this is something he could ask the ICO to consider. Overall, I think Tesco's contact log and notes provide a reasonable account of what happened and when and summary of what was discussed.

Mr P says Tesco managers failed on numerous occasions to call him back – which meant he was unable to discuss the disputed December 2024 payment, which in turn meant the matter remained unresolved and resulted in Tesco being unable to collect the January and February 2025 payments. I appreciate Mr P has strong feelings about this. But based on what I've seen and heard, I'm not persuaded Tesco caused Mr P significant distress or inconvenience, to the extent that he has described.

Once a business has issued their final response to a complaint, we wouldn't expect the business to reconsider the same issues unless new evidence becomes available. Tesco made Mr P aware he could ask the Financial Ombudsman to consider the matter if he remained unhappy with what Tesco had said. Based on the available evidence, I think it's fair to say Tesco's agents tried to help Mr P during the many calls that took place between October 2024 and February 2025 and subsequently. Tesco has acknowledged that on one occasion they failed to call Mr P back when they said they would - which Tesco apologised for. I also note several calls were terminated due to verbal abuse by Mr P.

The payment history shows Tesco was able to successfully collect the first monthly instalment that became due for the credit agreement in September 2024. The October 2024 payment was reversed, so the account was now one month in arrears. The November 2024 payment was successfully collected. But the December 2024 and January 2025 payments were both reversed - meaning the account was now three months in arrears. Tesco terminated the account in February 2024.

Tesco's records show they sent text messages and emails to Mr P to warn him of the missed payments followed by a first default letter, on 19 November 2024, and a default notice, on 2 December 2024. Neither party has been able to provide a copy of those two letters, but Tesco has provided a copy of the templates they say they used to generate them. We can't say for certain what either letter said, but on balance, I think it's likely they confirmed the then outstanding amount and warned that if the arrears weren't paid by a certain date Tesco would proceed to terminate the account. We don't know what date was specified, but the Consumer Credit Act 1974 (Section 87) says that for a regulated credit agreement a default notice must give a mandatory minimum period of 14 days for the consumer to bring the account up to date. The default notice was issued in December 2024, and the account wasn't terminated until February 2025 - a period greater than 14 days.

The default guidance issued by the Information Commissioner Office (ICO) explains that a default should typically be recorded when an account is at least three months in arrears, and generally by six months. The payment history shows that by 23 January 2025 the account was three months in arrears. So, I consider it was reasonable for Tesco to have defaulted and terminated the account when they did. And I'm persuaded they did so following them having provided Mr P with the requisite notifications and warnings beforehand.

Tesco is obligated to report true and accurate information to the credit reference agencies. I haven't seen anything to show me Tesco told Mr P that they wouldn't report missed payments and defaults to the credit reference agencies. Nor have I seen anything to show that what Tesco has reported isn't accurate. In all the circumstances, I think it was fair for Tesco to pass on the missed payment information to the credit reference agencies. So, while I appreciate Mr P believes the loadings on his credit record are unfair and will have an impact on him being able to secure future credit, I don't require Tesco to remove them.

My final decision

My final decision is that I do not uphold this complaint.

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

Carl Bibby
Ombudsman