

The complaint

Ms D is unhappy that Barclays Bank UK PLC, trading as Tesco Bank, withdrew the interest-free forbearance they had been offering her.

What happened

Ms D held a credit card account with Tesco. In early 2025, Ms D experienced financial difficulty following a change in her personal circumstances, including health-related issues which affected her ability to work. Ms D contacted Tesco in April 2025 to explain her situation and ask for support.

In response, Tesco agreed to provide forbearance by placing the account on an interest-free repayment plan. Under this arrangement, Ms D was required to pay £100 per month, and interest and charges were suspended. The plan was initially agreed for six months and Ms D made all the agreed payments of £100 during this period.

During the interest-free plan, the account balance reduced, arrears decreased, and the contractual minimum payment fell over time. By October 2025, the contractual minimum payment had reduced significantly compared to earlier in the year, although it remained higher than the £100 Ms D was paying.

When the six-month plan came to an end in October 2025, Tesco reviewed Ms D's account and concluded that Ms D's financial difficulties were long-term and decided not to continue the interest-free forbearance beyond that point. Ms D contacted Tesco to discuss her situation and asked for further assistance, explaining that the repayments she had been making were affordable and that she was continuing to engage with them.

Tesco then agreed to put a further four-month arrangement in place, but they made clear that interest-free forbearance would not continue indefinitely and that, if Ms D could not return to contractual payments, the account may default. Ms D then made the first £100 payment due on that plan but only made a £50 payment in the second month of the plan. This meant that the terms of the payment plan were broken and the account fell back into arrears and reverted to contractual terms. And Tesco subsequently went on to register a default on Ms D's credit file.

Ms D complained to Tesco because she wasn't happy that Tesco had withdrawn the payment plan when they did, which not only caused her account to default but also caused her significant distress, particularly given her vulnerable circumstances at the time. Tesco responded to Ms D but didn't feel that they'd done anything wrong and didn't uphold the complaint. Ms D wasn't satisfied with Tesco's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. They didn't feel that Tesco had acted unfairly by administering Ms D's account as they had, but they felt that one of Tesco's agents had provided a poor standard of service to Ms D while speaking with her. Because of this, our investigator said that Tesco should pay £100 to Ms D as compensation for the upset Tesco's agent had unfairly caused her. Tesco didn't agree with the view put forwards by our

investigator, so the matter was escalated to an ombudsman for a final 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 issued a provisional decision on this complaint on 16 April 2026 as follows:

There's no dispute that Ms D experienced financial difficulty in 2025 and that Tesco provided her with support in response. In April 2025, Tesco placed the account on an interest-free repayment plan for six months, requiring payments of £100 per month. Ms D complied with that plan in full, and during this period the account balance reduced, arrears decreased, and the contractual minimum payment fell. Tesco had also provided forbearance plans to Ms D before that time.

When the initial six-month plan came to an end in October 2025, Tesco reviewed the account. At that point, Ms D had benefited from fourteen months of forbearance from Tesco, but she remained unable to return to contractual repayments. Tesco initially told Ms D that they were unwilling to provide any further forbearance to her, because forbearance was designed to be a short-term option and Ms D's financial difficulties were long term. However, after pushback from Ms D, Tesco agreed a further four-month repayment arrangement, again based on reduced payments and interest-free terms, making clear that continued forbearance could not be offered indefinitely and that default could follow if the arrangement was not maintained.

While Ms D made the first payment due under the four-month arrangement, she did not then maintain the agreed payment level. In the second month of the plan, she paid £50 rather than the £100 required. As a result, the repayment plan was not adhered to while it was still in place. In those circumstances – where Ms D had demonstrated that she couldn't afford to pay both the contractual payments and the reduced payment plan payments – I think Tesco were entitled to treat the arrangement as broken, allow arrears to accrue, and revert the account to its contractual terms.

To reiterate, given the length and nature of the forbearance already provided, and the fact that Ms D did not maintain the agreed payment terms under the extended plan, I feel it was reasonable for Tesco to conclude that the account was no longer sustainable and that a default was the appropriate next step. Accordingly, I don't find that Tesco acted unfairly in moving to default the account or in how they reported this to the credit reference agencies.

I've also considered Ms D's concerns about the telephone call she had with Tesco on 10 October 2025. I've listened to that call. While I appreciate Ms D found the conversation distressing, I feel that the agent handled the call fairly. The agent explained the position of the account and the possible consequences of continued arrears clearly and politely. I don't feel that the agent acted rudely or unprofessionally, or that the standard of service fell below what Ms D was entitled to expect.

Ultimately, I feel that the upset Ms D experienced arose from the information being conveyed rather than from how it was delivered. I can understand why that would be the case, given Ms D's circumstances at that time. But I don't find the position that Tesco explained to Ms D to be unreasonable, and I feel that Tesco tried to provide that information to Ms D as politely and as carefully as possible. As such, I feel that any upset that Ms D experienced because Tesco explained their reasonable position to her is unfortunate, but I wouldn't considerate as constituting an unfair act on the part of Tesco.

All of which means that my provisional decision here is that I won't be upholding this complaint or instructing Tesco to take any form of action. This is because I don't feel that Tesco have treated Ms D unfairly, for the reasons explained above.

Tesco responded to my provisional decision and did not raise any objection to it. Ms D also responded and said that she felt my decision was wrong and suggested that Tesco have accepted ongoing payment from her at the prior rate.

It is, of course, Tesco's right to come to such an informal payment with Ms D. However, for the reasons explained above I continue to feel that it would not be fair to uphold this complaint as Ms D would like and formally compel Tesco to accept such an offer.

Ultimately, I feel it's fair that Tesco can choose to accept a payment offer from Ms D but should not be instructed to accept such an offer, nor penalised if they choose not to.

Accordingly, I confirm that my position here remains unchanged and that my final decision is that I do not uphold this complaint.

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 Ms D to accept or reject my decision before 20 May 2026.

Paul Cooper
Ombudsman