

## **complaint**

Ms B complains that Tesco Personal Finance Plc (Tesco) should not have allowed her to open a credit card account with them, and allowing her to do so was irresponsible. She asked for all the interest and charges which had been applied to her account to be refunded, and any late payment, arrears, and default markers removed from her credit file.

## **background**

The investigator's background summary covered the relevant facts and is known to both Ms B and Tesco so I won't repeat it. Therefore, if I've not mentioned something it's not because I've ignored it, but because I don't think it's relevant to the issues.

Ms B opened her account with Tesco on the 26 June 2014. At that time Ms B says that she had within the 12 months prior, defaulted on a payday loan and was in arrears with it. Ms B's argument is that had Tesco's carried out thorough checks when she applied for the credit card, then they would have seen she was unable to afford any credit at that time. As such they should have refused her application.

Tesco said they carried out a credit check with a credit reference agency when Ms B applied to open her account. Tesco were able to see from that check that Ms B had two delinquent accounts but there were no arrears showing. Tesco said that the delinquent accounts were probably regarding accounts that were previously in arrears, but were then at that point satisfactory. Tesco say Ms B passed their lending criteria and she was granted a credit card account because they deemed that she could afford the credit offered.

Ms B was unhappy with Tesco's response and so an investigator from this service looked into the complaint but didn't think Tesco had acted unfairly. As Ms B didn't agree, the complaint has been passed to me for a final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where it is appropriate so to do. What I need to decide is whether Tesco acted fairly and reasonably in how it dealt with Ms B. My aim is to ensure that a fair and reasonable outcome has been achieved, which means taking into account both Tesco's view and that of Ms B. I do not perform the role of the industry regulator, and nor do I have the power to make rules for financial businesses, punish them, or direct that they change their processes. That falls under the remit of the Financial Conduct Authority (FCA). As our investigator made clear to Ms B, our service isn't here to assess a business' policy itself, or its adequacy, as that would be the role of the FCA.

My decisions are based on the evidence supplied to me. Looking at the available evidence, I think we have an unfortunate situation here. When Ms B applied for her credit card, I would expect to see Tesco carrying out checks to see whether she would be able to repay it in a way which was sustainable. Those checks would need to be proportionate to things like the amount of credit she was asking for and the information Ms B had provided about her financial situation. But there isn't a prescribed or set list of checks which I would expect Tesco to carry out.

Tesco say their decision to offer credit to Ms B was based on the information supplied by her and from the credit reference agencies and their own risk strategies. Tesco did complete various checks including affordability and indebtedness checks before approving Ms B's application. And those checks revealed no default in the 12 months prior to her application. The credit report provided by Ms B bears this out.

It's for Tesco as a business to decide who they extend credit to and on what basis. What I'd expect is for them to perform enough checks before they do so. Based on the information available to me, I'm satisfied they did that here.

I can also see that Ms B exceeded her account limit on the 18 August 2014 and that in 2017 Tesco agreed to a repayment plan which was ultimately not adhered to resulting in termination of the account. And I can see that Tesco also allowed Ms B some breathing space when she wrote to them in July 2017 to say she was experiencing some difficulty. So I think Tesco have acted fairly here and I'm not going to ask them to remove any interest and charges because I don't think they've done anything wrong. And of course Ms B has had the benefit of the money the card provided.

I know Ms B will be disappointed with my decision but I have come to the same conclusion as the investigator and for similar reasons.

**my final decision**

For the reasons set out above I do not uphold the complaint against Tesco Personal Finance PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 31 January 2020.

Jonathan Willis  
**ombudsman**