

complaint

Mr L complains that Tesco Personal Finance Plc did not deal reasonably with him when he reported an unauthorised payment on his credit card account.

background

Mr L had a credit card account with Tesco, and used his card details to make a hotel booking abroad. The booking was subsequently cancelled, but Mr L says that he became aware that the hotel had charged him for the booking even though it was not entitled to do so.

Mr L contacted Tesco to report the transaction as unauthorised, while still abroad. Tesco would not discuss the matter with Mr L, because it did not have the necessary security set up in place for his account. It says that Mr L did not follow the matter up properly, to enable it to place the transaction in dispute and put in motion a charge back request.

Matters did not improve between Mr L and Tesco, as Tesco was later unwilling to accept Mr L's written request to change his address – though this issue was subsequently resolved when Tesco agreed to accept a photocopy of Mr L's signed complaint form to us as reasonable evidence of his new address.

Eventually, the time limit for a charge back request had passed and so Tesco was unwilling to take the matter any further. It said Mr L was to blame for not agreeing to comply with its requirements to set up security in line with its standard requirements. Mr L said that Tesco was to blame for not taking reasonable steps to exercise flexibility and help him when he rang from abroad to report a disputed transaction.

As things had reached stalemate, Mr L brought his complaint to this service where it was investigated by the adjudicator. From the evidence, the adjudicator considered that there had been some maladministration by Tesco in its handling of the issues. He also concluded that Tesco had not made enough effort to help Mr L – relying too much on its standard process when there should have been other, equally reliable ways of establishing Mr L's identity.

The adjudicator proposed that the matter be resolved by Tesco:

- refunding the disputed payment or final balance (which Mr L had already paid off);
- closing Mr L's account – writing off any charges or interest that might otherwise prevent that from happening; and
- remove any adverse information registered by it against Mr L in relation to the matter in any credit or fraud databases.

Tesco did not agree with the adjudicator's conclusions. It said, in summary:

- When Mr L contacted it from abroad, his request was such that he needed to be taken through the second tier of its security process. As he had not previously set up any security information, this meant that it had to send him a temporary security code to his mobile, which he could then use to go through its standard process and set up security.

- Mr L did not do that, and it is this that caused the problem – not its insistence on having standard security set up. There was no real need for any workaround in this case.
- Because Mr L had applied for his card online, it did not have a signature to compare and that is why it would not accept his change of address letter. But it felt that Mr L's approach to this service was sufficient for it to accept as proof of his address.
- The adjudicator suggests that it should have not followed its security procedures and should instead have opened the account to potential fraud.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Looking at the evidence, it seems to me that both Tesco and Mr L were reluctant to exercise flexibility in the matter of the disputed transaction. The circumstances were, however, such that Mr L's reluctance to go through the process of setting up Tesco's standard security requirements from scratch – using his mobile phone from abroad – was in my view more understandable than was Tesco's refusal to help at all unless Mr L did this.

Given that Mr L simply wanted to notify Tesco of a disputed transaction so that it could begin an investigation into that, I do not accept that allowing a degree of flexibility (for example, reasonable security questions that were not its standard process) would have opened Mr L's account up to potential fraud. This is a sort of situation that is not uncommon, and one that credit card issuers have to deal with on a regular basis.

The problem in notifying a change of address must also have been something that Tesco knew it would need to deal with for customers who had set up their accounts online. In the absence of a signature to compare, it would need to have some alternative means of verifying identification. Unfortunately, it seems as though matters between Tesco and Mr L had by then become a bit entrenched.

Because the time limit for a charge back had elapsed, that was no longer open to Mr L as a potential way of getting his money back. Tesco does not appear to have taken any further steps to deal with the matter in line with the rules relating to disputed card transactions.

Overall, I consider that the settlement suggested by the adjudicator is a fair resolution of this complaint in the circumstances. The fact that Mr L also contributed somewhat to the situation is reflected in the fact that there is no award of interest or compensation for inconvenience. So I find broadly as the adjudicator did, save that I have further clarified the redress.

my final decision

My final decision is that I direct Tesco Personal Finance Plc to:

- pay Mr L the amount of the disputed transaction;
- close Mr L's credit card account (writing off any residual charges or interest that may remain on it); and

- remove adverse registrations of any kind made by it against Mr L in relation to the credit card account.

Jane Hingston
ombudsman