

complaint

Mr O is unhappy with Tesco Personal Finance PLC sending his account to a debt collector.

background

Mr O took out a credit card with Tesco in July 2013. Mr O then started to fall behind with his payments in 2017. In October 2017 Mr O sent Tesco information about his mental health from his GP and an income and expenditure form.

In April 2018 Tesco issued a default notice to Mr O as no payment had been made since October 2017. As he made no further contact or payment to Tesco the credit card was closed in May 2018. Mr O then sent an income and expenditure – the same as he had sent in 2017 - to Tesco in August 2018. So Tesco placed his account on hold.

In November 2018 Tesco hadn't heard anything from Mr O so it sent a request for payment. In late November 2018 Mr O contacted this service to raise a complaint after he received letters from Tesco which explained it had asked a collection company for help to recover its debt. The debt collector also sent Mr O a letter confirming this. Mr O said the letters made him feel extremely anxious and gave him a panic attack. So he contacted this service to raise a complaint. Mr O said Tesco's letter in November 2018 was misleading and the account shouldn't have been passed to a debt collector as Tesco was aware of his personal circumstances.

On 24 December 2018 Tesco sent Mr O a final response letter. It said it had made Mr O aware of the outstanding debt and hadn't made an error when asking the debt collector for assistance. Tesco said it wanted an updated income and expenditure form from Mr O. And because it was unable to discuss his debt it felt it was right to default and then close the credit card.

Mr O remained unhappy so he brought his complaint to this service. Our investigator reviewed the complaint. She felt although Tesco was aware of Mr O's personal circumstances it didn't do anything wrong when it asked the debt collector for help.

Mr O disagreed with our investigator so this complaint has now been passed to me.

my findings

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

I'm sorry to hear about Mr O's personal circumstances and that he has experienced financial difficulties as these are never easy situations to deal with.

I've looked carefully at everything Mr O and Tesco have said to see if Tesco has done anything wrong. Having done so, I don't think it has. And I'll explain why.

When Tesco became aware of Mr O's financial difficulties and health condition, I would expect it to respond positively and sympathetically.

From the evidence I've seen, Tesco placed the debt on hold which is what this service would expect it to do. And I believe it made reasonable attempts to contact Mr O. I'm satisfied the letters were sent and clearly asked Mr O to contact it to discuss his circumstances, set up repayment plans and make a payment. The letters in 2018 also mentioned that failure to contact Tesco to arrange a repayment plan could lead to the account being passed to a debt collector.

Mr O is unhappy as he doesn't think it is fair that his account was sold to a debt collector. However, from the information I've seen Tesco hadn't sold the debt. It asked a debt collector to help it collect the money Mr O owes. As the investigator explained, the relevant regulations and industry practice don't say Tesco cannot ask a third party to help them manage the account.

I can understand why Mr O was unhappy Tesco asked the debt collector for help and the stress this would have caused him. However, I can also understand why Tesco took the action it did. Tesco doesn't have to hold Mr O's debt indefinitely. And I'm satisfied that asking the debt collector for assistance hasn't financially disadvantaged Mr O or was unreasonable given the lack of contact it had with him. I know he had sent previous documentation to Tesco about his financial situation in October 2017. And he resent the same information again in August 2018. But although Tesco did receive this, it doesn't mean it cannot take further steps to try and recover Mr O's debt.

So, I'm satisfied the action Tesco has taken here wasn't unfair or unreasonable in the circumstances.

my final decision

For the reasons given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 8 February 2020.

Mark Dobson
ombudsman