

## **complaint**

Mr H complains Tesco Personal Finance Plc ("Tesco") is unfairly pursuing him for an outstanding balance on his credit card account. He's said a balance transfer payment was made incorrectly to a third party account with another provider and he thinks the third party should be pursued for the debt. He's also unhappy Tesco has charged him a transfer fee and didn't tell him the payment had been processed.

## **background**

Around June 2018, Mr H applied online for a credit card account with Tesco. At the same time, requested to transfer his existing balance of around £1750 with another provider (I'll call it "V") to Tesco as he wanted to benefit from a promotional offer.

Mr H has said as far as he could tell, the balance transfer didn't happen so he contacted Tesco in late July 2018 to find out what was happening. He's told us he was later informed he'd input the incorrect credit card number (as a reference) by two digits – so the funds to pay off his existing balance with V were transferred to the wrong customer's account.

Mr H's August 2018 statement for his account shows the balance transfer took place on 6 July 2018. And a balance transfer fee was charged at the same time. And by the time Tesco became aware the funds had gone to the wrong account, the third party had spent it. V was able to recover £300 of the funds – so this was returned to Mr H's account on 17 September 2018.

Tesco has given us the correspondence between itself and V. It initially asked V to apply the funds to the correct account on 31 July 2018. And after the £300 was returned to Mr H's account, Tesco asked V for the details of the third party so Mr H could pursue them directly. Between September 2018 and January 2019, Tesco chased V for this information on a number of occasions. And around April 2019, it gave Mr H details of the third party.

Tesco has said it completed the balance transfer in line with the information provided by Mr H. It initially said it sent Mr T a letter confirming the last four digits of the account the payment was being made to – and as it was these numbers that were incorrect, it thought he should've realised it was the wrong account. Mr H has told us he didn't receive this letter and Tesco has since told us it doesn't think this letter was actually sent to him.

Mr H says he's been put in a financially difficult situation as he now has an outstanding balance of around £1750 on both his accounts with Tesco and V. He thinks if Tesco had let him know earlier the balance transfer had happened, he would've been able to confirm his account with V hadn't been paid off – and potentially recovered more of the funds.

Tesco thinks it did everything it could to recover the funds from the third party. It asked Mr H to give details of his income and expenditure for it to consider setting up a repayment plan.

Unable to resolve things with Tesco, Mr H contacted our service. Our investigator upheld the complaint. He said whilst he accepted Mr H input the incorrect information for the balance transfer, he thought Tesco should've made it clear if the wrong information was entered, it wouldn't be able to recall the funds. He also thought Mr H would've relied on the online application saying balances could only be transferred to an account in the same name. Tesco didn't agree with the outcome. As the complaint wasn't resolved at that stage, it was passed to me to reach a decision on.

### *my provisional findings*

I issued a provisional decision on this complaint in September 2019. I explained I thought the complaint should be upheld (in part) in summary because:

- I'd thought about relevant laws, regulation and good industry practice. And I didn't think Tesco did make it clear to Mr H that the credit card details he input on his transfer request needed to be accurate even if the name on the incorrect account wasn't his.
- But I also looked carefully at the Payment Service Regulations covering certain payment service activities – including making credit transfers. And in this case, I thought where the unique identifiers (for example the sort code and account number) provided are incorrect, Tesco isn't responsible for the payment being carried out incorrectly.
- I didn't think it was in dispute that Mr H entered the wrong credit card number when requesting a balance transfer. So whilst it may have been good practice for Tesco to provide some warning to him that the payment could still go through if he input the wrong details, I didn't think that means it's liable to cover the amount lost in this case.
- I'd seen the information given during Mr H's credit card application suggested customers can only transfer balances to a card in their own name. But I thought the purpose of this notice was to put customers off trying to transfer the outstanding balance of a third party to their account. And I didn't think it made Tesco responsible for the missing funds.
- I thought Tesco contacted V quickly to let it know the transfer was made in error. But it didn't tell Mr H whether his funds could be recalled for several weeks – and only after he complained. I didn't think that was reasonable – and I thought Tesco had a responsibility to get back to Mr H sooner with an answer.
- I also didn't think Tesco gave Mr H clear and accurate information about the other options he had to pursue the third party as quickly as it could have.

Overall, I thought Tesco's actions must've caused Mr H a great deal of distress at an already difficult time. So I thought it should pay Mr H £150 to compensate him for this.

I asked both parties to make any further comments before I reached a final decision. Tesco didn't respond by the deadline set. Mr H let us know he accepted my provisional decision and didn't make any further comments.

### **my findings**

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

Having also looked at the responses I've received, I see no reason to change my conclusions set out in my provisional decision. So for the same reasons set out above and in my provisional decision, I uphold Mr H's complaint in part.

**my final decision**

For the reasons set out above, it's my final decision that I uphold this complaint in part.

I order Tesco Personal Finance PLC to pay Mr H £150 as compensation for its handling of this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 November 2019.

Nadya Neve  
**ombudsman**