

The complaint

Mr C says Tesco Personal Finance PLC, trading as Tesco Bank, were unreasonable to report a missed payment to his credit file.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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 know it will disappoint Tesco Bank, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

In May 2023 Mr C amended his direct debit instruction to make full balance instead of minimum repayments. Tesco Bank have explained that when he amended his direct debit he would have been provided with an instruction that said:

- *Changing your Direct Debit now could result in no payment being made this month. If you don't want this to happen then do not proceed with this change.*
- *To be sure of paying the full balance this time, you can pay using Faster Payments or with a debit card. See your statement for details.*

Mr C didn't make a manual payment and, subsequently, a late payment was reported to his credit file as Tesco Bank didn't receive the minimum payment required until July 2023.

Tesco Bank were prepared to refund the late payment fee and interest. But Tesco Bank haven't been prepared to remove the late payment marker they applied to Mr C's credit file as they say they warned him of the consequences of not making a manual payment.

I'm not persuaded, in these circumstances, that Tesco Bank have been reasonable. Their message explained that changing the direct debit "could" result in no payment being taken, not that it would. I think it's likely Mr C would have expected his improved direct debit instruction to have been taken in time. And, regardless, I don't think a missed payment marker would be a reasonable reflection of his performance on this account. He clearly

intended to reduce his balance and it would seem unfair to damage his credit file when those intentions were clear.

Putting things right

I think it would be reasonable for Tesco Bank to remove the late payment marker from Mr C's credit file. If there are any fees or interest that have been incurred as a result of that missed payment and that haven't already been refunded, they should be refunded now.

Mr C has been inconvenienced by having to escalate his complaint to this Service when I think it could have been resolved earlier. It would also have been distressing to have adverse information reported to his credit file. In those circumstances, I think Tesco Bank should pay him £50 to compensate him for the distress and inconvenience caused.

My final decision

For the reasons I've given above, I uphold this complaint and tell Tesco Bank Plc to:

- Remove the late payment marker from Mr C's credit file.
- Refund any interest or fees related to that marker that they may not already have refunded.
- Pay Mr C £50 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 February 2024.

Phillip McMahon
Ombudsman