

The complaint

Mrs C complains that Tesco Personal Finance PLC trading as Tesco Bank made a mistake with her credit card account.

What happened

Mrs C held a credit card account with Tesco Bank. She requested the closure of her account in November 2023 and understood that there was nothing left to pay. However, a transaction was subsequently processed which meant that there was an outstanding balance.

In February 2024, Tesco Bank sent Mrs C a notice of sum in arrears which said she had missed minimum payments totalling £16.16. When Mrs C spoke to Tesco Bank, it said that due to a known issue, the payment amount had been duplicated and she owed less than £16.16. However, Mrs C asked to pay the amount referred to on the notice. Mrs C then discovered that her account was in credit.

After Mrs C complained, Tesco Bank explained that the notice gave details of the total of the missed minimum payments, which was different from the outstanding balance. Tesco Bank apologised that it gave Mrs C incorrect information about the duplication of the payment amount during the call. For this misinformation, Tesco Bank paid Mrs C £25 compensation.

When Mrs C complained to us, she wanted Tesco Bank to confirm her account was in credit and refund the overpayment. She wanted Tesco Bank to explain why the amount shown on the notice was incorrect and why it had allowed a known issue to continue.

Our investigator didn't uphold Mrs C's complaint. He could see why Mrs C felt that she owed Tesco Bank £16.16 and that the call she had was unhelpful. For this failing, our investigator thought £25 compensation was fair. He noted that Tesco Bank had agreed to send Mrs C the credit balance remaining in her account of £7.86.

Mrs C thinks the notice is unclear for customers. She wants Tesco Bank to either explain to her how the notice is correct or provide confirmation that it was wrong and that it will be amended for customers going forward.

Mrs C says she was lucky it only came to £16.16 and that many other customers could have ended up paying much more. Mrs C says the person she spoke to from Tesco Bank told her it was a known issue so she can't be the only person confused by the wording of the notice.

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 recognise Mrs C's strength of feeling about this matter, so I hope she won't take it as a discourtesy that I have summarised this complaint in less detail and that I have concentrated on what I consider to be the key issues.

As Mrs C thought she'd closed the account with a zero balance, it's understandable that she

wasn't aware of the outstanding balance. Mrs C has confirmed she's not complaining about Tesco Bank asking her to pay the outstanding amount, so I don't think I need to say anything further about this in my decision.

Instead, Mrs C is unhappy about the wording of the notice, saying that it is misleading. She wants Tesco Bank to either explain why it is correct or amend the notice going forward. So, it is this aspect of her complaint that I will address now.

Financial businesses such as Tesco Bank are required to follow the rules of the Financial Conduct Authority (FCA). The relevant rules and regulations are contained in the Consumer Credit Sourcebook (CONC). These rules require financial businesses to send a notice of sum in arrears when the last two payments due under a regulated credit agreement, have not been made.

CONC 7.18.5 sets out what information the notice must contain. This includes the amount payable for each of the last two payments, together with the aggregate of the two payments less any amounts paid. As Mrs C hadn't made any recent payments, the aggregate of the amounts payable was £16.16.

Although Mrs C may have found the notice confusing, Tesco Bank was simply following the regulatory process laid down by the FCA. So, I can't find that Tesco Bank made a mistake or that it should be required to amend the wording of the notice going forward.

Where I agree that Tesco Bank let Mrs C down is during the call that she had about the arrears on her account. If Tesco Bank had done a better job of explaining things to Mrs C and had not told her that there was a known issue where amounts were duplicated – then it seems likely she would have agreed to pay only the outstanding balance rather than the combined total of the missed minimum payments. For this confusion and inconvenience, I agree that Tesco Bank's compensation payment of £25 is fair.

Tesco Bank has already confirmed that Mrs C's account is closed and that it has sent the credit balance refund by cheque. If Mrs C has not received the credit balance refund cheque, she should let Tesco Bank know.

Tesco Bank's final response refers to sending a cheque for £25, so Mrs C should have already received this payment. If Mrs C has not received the cheque or cannot pay it in to her account for some reason, I suggest she speak with Tesco Bank.

Overall, I think that Tesco Bank's compensation payment of £25 together with a refund of the credit balance has been a fair way to resolve Mrs C's complaint. So, I don't require Tesco Bank to do more to put things right.

My final decision

My final decision is that I don't uphold this complaint in the sense that I think Tesco Bank has already done enough to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 2 August 2024.

Gemma Bowen
Ombudsman