

The complaint

Ms M, via a representative, complains about how Tesco Personal Finance PLC trading as Tesco Bank (Tesco) treated her when her ISA (Individual Savings Account) matured, and their actions after she made a complaint. I'll only refer to Ms M in my decision.

What happened

I sent the parties a provisional decision in earlier in September 2024, in which I set out the following background information to the complaint and my provisional findings, as follows: *In December 2022, Tesco wrote to Ms M advising her ISA was maturing and in line with their requirements, Ms M needed to provide certified identification to proceed with any instruction. A few months later, due to certain circumstances, Ms M's representative contacted Tesco about the matter but they'd only speak to Ms M, so Ms M signed an application form for a new ISA and sent it to Tesco along with certified identification. As the certification didn't meet Tesco's requirements, they wrote to Ms M rejecting it. Ms M submitted replacement identification but unfortunately, Tesco rejected this too.*

Ms M logged a complaint about the rejections along with submitting certified identification through another method. Tesco looked into the complaint and did not uphold the matter saying they could not identify any errors made by them. They ended the letter by confirming they had received the third set of certified identification which they were processing, and they would email Ms M once they documents had been reviewed.

Tesco did send a text message to the number they held on file asking Ms M to contact them but didn't email once they had processed the documents, and some months later, Ms M brought the matter to us which our investigator looked into, and liaised with Tesco. As a result, Tesco said they hadn't done enough to assist Ms M with her complaint in that they didn't make contact as they said they would. As an apology, they offered £100 compensation which Ms M rejected. She stated the credit interest that she had lost out on after maturity was over £1000 and held Tesco responsible for this.

Tesco reaffirmed they were responsible for the service failure of not contacting Ms M after processing the identification but were not liable for the interest. Soon after, Tesco did increase their compensation offer by an additional £100.

As Ms M remained unhappy, our investigator looked into the matter fully and upheld the complaint against Tesco. They said Tesco didn't do enough to contact Ms M once they accepted the identification documents and should pay interest to Ms M at the same rate as Tesco's one-year fixed rate ISA for the period between accepting the documents, and August 2024, this being a year. Additionally, Tesco should pay £200 for her trouble and upset.

Ms M accepted our investigator's view but Tesco did not. They said they did make contact by text message after accepting the documents, using the number provided by Ms M, and they would have expected Ms M to have chased the matter soon after not receiving the promised email, rather than leaving it several months and bringing the matter to our service. Accordingly, Tesco requested an ombudsman review the complaint.

What I've provisionally decided – and why

I have looked carefully at all the information Tesco have provided to see if it has acted within its terms and conditions, followed due process, and to see if it treated Ms M fairly and clearly, there has been a mistake.

I've also looked at any further information that Ms M or Tesco have provided and I can see detail which has influenced my decision since the investigator's view, more of which I'll go through below.

If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

What's not in question is whether Tesco are responsible for a service failure. Their final response letter to Ms M's complaint stated that they would send an email once the documents had been reviewed, which they did not. It's disappointing to see this, but I'm glad that Tesco apologised, took ownership for this error, and offered compensation for it.

One aspect which I want to address is around the lack of contact from Ms M towards Tesco, in particular after they issued the maturity letter, and after they issued their final response letter. It's reasonable to expect an element of responsiveness to the maturity letter that Tesco sent. And in terms of the promise that Tesco made to email Ms M after processing her documents, again it's reasonable to expect Ms M to chase the matter with Tesco after say a month or two of not hearing anything from them. That said, I'm aware of some circumstances to which Ms M was subject, including urgent care duties, which meant she could not show the level of responsiveness that Tesco or any business would typically expect. Whilst I don't regard these circumstances as sufficient to fully explain the delays in Ms M contacting Tesco, they are important to my considerations and should also be to those of Tesco.

A second aspect I wanted to deal with was the text message that Tesco sent after they accepted the documents, requesting Ms M to make contact. It would appear that after they received no response to this, they did nothing to chase the matter, or attempt contact Ms M via another method. Considering that Tesco had used letters to previously correspond with Ms M regarding the document rejections, and seen successful responses from her, it's disappointing that they didn't try this method.

This brings me onto another, connected point which regards the application form for the subsequent ISA and a letter that Tesco sent in June 2023 to Ms M to acknowledge it. The letter ends with "Once we have received these documents we will deal with the rest of your application as quickly as possible and return your documents to you" which I consider would have left Ms M under the impression that they would automatically go ahead with the ISA opening on receipt of the correctly certified documents. I have raised this with Tesco in my inquiries who've told me they have a two-step process which involves identifying the customer, then needing the customer to confirm what they would like to do with the funds. In view of the fact this two-step process was not stated within the letter, and instead, what was stated does reasonably imply that the account is opened automatically, I find that Tesco could have done more here.

I'll now move on to putting things right and compensation payments and must acknowledge Tesco's total offer of £200, our investigator's view that Tesco should pay a year's worth of interest to Ms H and, Ms H's agreement to our investigator's view.

In terms of the interest issue, I don't believe that Tesco are responsible for this. My main reasons for believing this are the delay in Ms H's response to the maturity letter, and the absence of attempted contact towards Tesco after the final response letter. I fully acknowledge that Ms H did have a caring situation in her life which took priority, but I believe she had opportunities to chase up the complaint and the account with Tesco before she brought the matter to this service.

As an informal dispute resolution service, we consider awards according to what we consider to be a fair and reasonable reflection of the impact the distress and inconvenience has had upon the consumer. And so what I wanted to understand was the impact on Ms M, whether their offer is considered as fair, and also look at it through the lens of this service's compensation guidelines and similar cases.

I do believe that the total offered of £200 was fair, in light of the service failure issue which I've gone into above. However, overall, I consider a compensation figure of £350 to be a reasonable payment for this complaint. This has increased mainly due to what happened

after the final response letter, namely Tesco's sole use of text message when letters had been successful, their lack of contact efforts after the text message, and how Ms M was left under the impression that the account would be opened after document processing.

My provisional decision and the parties' responses

I decided provisionally to uphold the complaint and said I intended to require Tesco to pay Ms M £350 total compensation, less any amounts they had paid already.

Ms M responded to say she didn't agree with my provisional decision, and Tesco responded to say they accepted it.

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.

Ms M has taken the time to send in various pieces of correspondence since my provisional decision, and I thank her for doing so. It's clear she feels strongly about what happened but after review, I can't see anything that materially affects the case and my decision. I've already stated why I don't think Tesco is liable for the interest, and in terms of compensation, I think total figure of £350 provides a fair and reasonable reflection of the impact of all aspects of Ms M's complaint.

My final decision

For the reasons I have given it is my final decision that the complaint remains upheld and I require Tesco Personal Finance PLC trading as Tesco Bank to pay Ms M £350 total compensation. Tesco can deduct from this any compensation it has already paid Ms M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 25 October 2024.

Chris Blamires
Ombudsman