

The complaint

Mr P complained about Tesco Personal Finance PLC trading as Tesco Bank (Tesco) in regards to a direct debit (DD) instruction after he switched his bank account to a new provider who I'll refer to as B.

What happened

I set out the background and my provisional findings to the complaint in my provisional decision, and copied here.

In November 2023, Mr P elected to switch his bank account to B, including two DDs, one of which was a DD with Tesco for his Tesco credit card. The switch was completed successfully including the setting up of the two DDs. In terms of the Tesco DD, a payment was successfully claimed from Mr P's new account with B in December.

Tesco attempted to set up a new DD for Mr P's credit card but this rejected, the reason linked to the existing instruction so Tesco asked Mr P to make a separate manual payment for January 2024. Another attempt at setting up a new DD took place which was also rejected. Mr P made contact with Tesco several times to query the situation and as a result, logged a complaint, as he was concerned about the credit card, the inconvenience, and any impact felt on his credit record.

Tesco looked into the complaint and upheld it. They said that in January, they received an instruction from B to cancel the DD which they did, then set up a new instruction asking Mr P to make a manual payment. They did say that in a phone call that Mr P made to Tesco, they should have told him this and accordingly, Tesco credited Mr P's account with £25 to apologise.

Mr P disputed this and asked Tesco to simply reinstate the original DD but they said they could not. Instead, Mr P cancelled the original DD and set up a new instruction and eventually, this corrected the issue but not before several emails and phone calls to Tesco. Mr P also visited the branch of B to query the DD issue in person. After Mr P spoke to Tesco again about the complaint, they increased their compensation to £50.

Remaining dissatisfied with Tesco, Mr P brought the complaint to our service. Our investigator issued their view in which they didn't think that Tesco was to blame for the DD issue as they felt they had to cancel the DD after B instructed them to do so. In terms of the compensation, our investigator said the previously offered £50 was sufficient.

Mr P disagreed with the investigator saying B did not instruct Tesco to cancel the DD, only that a duplicate instruction existed. And essentially, Tesco did not need to do anything other than continue to claim from the original DD. As Mr P rejected the view of our investigator, the complaint has been referred to me as an ombudsman.

What I've provisionally decided and why

I have looked at the information Tesco has supplied to see if it has acted within its terms and conditions and to see if it has treated Mr P fairly.

I do acknowledge the significant amount of information which has been submitted by both Tesco and Mr P and I thank them both for that. I have also reached out to B to ensure I was in possession of as much information about the issue as possible. 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.

I was sorry to learn that what should have been a straightforward switching process has turned into a complaint. Part of my role is to determine whether what took place was reasonable and whether Tesco followed the process correctly.

Our investigator issued their view and didn't think that Tesco was at fault in this complaint but after careful consideration, I do believe they are responsible, albeit for part of this. One aspect I can't get away from is that the DD was successfully transferred to Mr P's new account with B, and successfully claimed from soon after. Therefore, any requirement for another DD to be set up was negated. Because I have seen that Tesco were made aware that the DD had been correctly set up on Mr P's new account and claimed from, I would have expected them to liaise with B, or Mr P, perhaps by telephone, if they came across any subsequent issues, rather than attempt to set up a new instruction.

I note that Mr P commented that the other DD which came across as part of the switch was claimed from successfully and this has continued to be the case, without issue.

As an informal dispute resolution service, we consider awards according to what we consider to be a fair and reasonable reflection of the impact that any stress and inconvenience has had upon the consumer. Within this, I have carefully considered all arguments, thinking about the current £50 total.

It's vital that I look at redress through the lenses of fairness and reasonability, using the evidence presented and after consideration, I would like to say that I do feel that the originally offered total of £50 was a fair representation for the information Mr P wasn't given. However, as I am now persuaded that Tesco could have done more at the time, and is responsible for more of this complaint, as a consequence, I believe that an additional £75.00 is appropriate here.

My provisional decision and the parties' responses

I provisionally decided to uphold the complaint, intending to require Tesco to pay Mr P a total of £125 compensation, less any amounts they have paid to him already. Mr P responded to say he accepted my view, and Tesco responded to say they had nothing further to add.

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 thank both Mr P and Tesco for responding, but as nothing new has been raised, my view remains the same as I have detailed above.

My final decision

For the reasons I have given here and in my provisional decision, my final decision is to uphold the complaint and I require Tesco Personal Finance PLC trading as Tesco Bank to pay Mr P a total of £125 compensation, less any amounts they have paid to him already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 December 2024.

Chris Blamires
Ombudsman