

The complaint

Mr K complains that he didn't get an interest-free period from Tesco Personal Finance PLC trading as Tesco Bank (Tesco).

What happened

In January 2023, Mr K applied for a credit card from Tesco. It was agreed with a limit of £4,300. The card agreement said balance transfers would be charged at 0% for 15 months from account opening. Purchase interest was to be 25.692% per annum.

Mr K called Tesco on 22 February 2023 about the interest rates to be applied to the card.

From 23 February 2023, Mr K made purchases on the card of £663.17.

Mr K complained that on the call with Tesco on 22 February 2023, he'd been advised that purchases would be interest free for 14 months. He had received an email from Tesco to say that interest was to be charged on the purchases borrowing. He said he had been misled on the call and Tesco should stick by what they told him on the call – and give him interest free borrowing on purchases for the full period.

Tesco said the card agreement included zero interest on balance transfers for 15 months, and zero interest on money transfers for nine months. There wasn't an introductory rate for purchases. But they paid compensation of £75 and gave Mr K two months' interest free borrowing on the purchases by way of compensation.

Mr K didn't accept this and brought his complaint to us. Our investigator didn't uphold it. She said the credit card agreement was clear and said that interest would be charged on purchases. And the statement sent to Mr K on 6 February 2023 also said that. So Mr K should've reasonably known about the interest charge.

Mr K didn't agree and asked that an ombudsman look at his complaint. And so, it has come to me to make a final decision. Mr K particularly asked that the call on 22 February 2023 is reviewed.

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.

As a first step here, Tesco's credit card agreement is clear – that borrowing related to purchases is charged at 25.692%. It says "*Purchases...25.692%*". And this is also shown on Mr K's statement dated 6 February 2023.

Our investigator said that was enough to say that Mr K should've realised what the interest rates were.

But Mr K argues that he made a point of calling Tesco to clarify what the rules were regarding how interest was applied. And he said he was told that purchases would be

interest free for 14 months.

The issue here is that Tesco told us at the outset – when they sent their information about the complaint to us – that the full call wasn't available to listen to. That's because it was 'paused' – to delete security questions and answers – and this pause then caused the rest of the call content to be obscured.

I listened to the call (such as it is). And Mr K asked that he wants to know his 'options for the 0%'. He said he didn't want to take advantage of the money transfer offer as he'd found a better offer elsewhere. He then said he wanted to use it (the card) for something else. And then – the call doesn't have any more content.

Mr K says that Tesco have deliberately hidden the key parts of the call – and on it, he was clearly told the purchases borrowing would be interest free. I've considered this point – but I see no reason for Tesco to do that. And – it's quite normal for a firm to delete the security details (e.g. passwords/pass codes etc) when sending calls to us – for obvious reasons of confidentiality. It's just that in doing so, the call has been affected.

But I can see that Mr K went ahead and made purchases of £663 after the call – so it does seem likely that he was told that purchases would be interest free. And so – I accept that he was so told.

But – that doesn't mean to say it's reasonable that he should get 14 months (i.e. another 12 months) interest free borrowing. There was a human error made here – but I don't think it's reasonable to say that overrides the information Mr K was sent – the credit card agreement and the statement.

In cases of simple human error, our service considers what would be a reasonable and fair amount of compensation. We've set out some criteria for deciding on awards and these are shown at:

<https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

We say - typically an apology or small monetary award of less than £100 will fairly compensate a one-off incident or occurrence – such as a small administrative error or a short delay. An apology can often be enough to remedy these types of mistakes, as long as they cause minimal impact and are put right quickly. I think that what happened in Mr K's case fits this description.

Therefore in this case – I think Tesco's payment of £75, plus interest- free borrowing for two months – was a fair way to resolve Mr K's complaint. I accept that Mr K will be disappointed by my decision, but I'm not asking Tesco to do any more than that here (**continued**)

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 24 October 2023.

Martin Lord
Ombudsman