

## **The complaint**

Mr S complains that Tesco Personal Finance PLC trading as Tesco Bank unfairly blocked his card.

## **What happened**

Mr S says he tried to use his Tesco credit card to pay for a deposit for a car rental, but his card had been blocked by Tesco without his knowledge. He said he phoned Tesco who said they could not unblock the card due to persistent debt and he would need to wait over two weeks despite his account being in credit. He says the call handler arranged for a manager to call him, but he didn't receive a call back. He said his monthly statements did not tell him his card was blocked. Mr S made a complaint to Tesco.

Tesco partially upheld Mr S' complaint. They said within their correspondence to his registered address, they explained how persistent debt worked and they confirmed when month 36 is reached, a suspension would be applied, and they wouldn't be in the position to control this. They said the persistent debt status of his account wasn't on his monthly statements as this is not a requirement for them to do so. Tesco said that in regards to the card suspension procedure, they confirmed within the letters that when the balance was repaid they would conduct a review and be in touch to confirm if the card could be unsuspended or not, so they hadn't set any expectations, that the card would become active instantly when the balance is cleared.

Tesco said Mr S' card was reactivated from 4 May 2023 after a review was conducted on his cycle date. They said the call handler told Mr S that this would take up to 72 hours from his cycle, although this isn't correct, as his card became active on his statement production date and no later. They said they would send him £25 to the bank account they held on file for him regarding the confusion in these timescales. He said that Tesco have since reduced his credit limit and he wanted it increased back to £1,500. Mr S brought his complaint to our service.

Our investigator did not uphold Mr S' complaint. She said as Tesco have shown the persistent debt letters were sent to his address and the account was suspended in line with these letters and the terms and conditions of the account, she was unable to conclude Tesco had made an error. She said Mr S' credit limit had been reduced, but as this was reduced in line with the terms and conditions, she was unable to ask Tesco to increase the limit.

Mr S asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that he would like to recover his out of pocket expenses such as the loss of the car rental, work, and travel expenses. He says his monthly Tesco statement does make it clear the funds are available and it stated £1,500 was available (prior to the credit limit decrease), and it doesn't state there was a block on his card, and Tesco did not inform him of this.

## **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.

Mr S has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'd like to explain to Mr S that it is not within this service's remit to tell a business what to include on the credit card statements, this includes the status of the persistent debt or to inform a customer that their card is blocked. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Tesco Bank to make changes to their policies and procedures, if necessary.

Mr S has told us that he didn't receive any notification that his credit card had been blocked. So I've looked at the communications which Tesco said they have sent him. These were sent to his registered address, so if Mr S did not receive these letters, I can't hold Tesco responsible for any postal errors. They wrote to him on 4 September 2018. This informed him about what persistent debt was and the consequences of being in persistent debt. One of the things mentioned was *"stopping you from making further transactions on your card"*. So Mr S was made aware of this being a possibility as a result of being considered in persistent debt.

Tesco then wrote to Mr S on 4 June 2019. This told him that *"If you're unable to increase your payments over the next 9 months, you may no longer be able to spend on your card. This is because new regulation means we may have to limit or stop any future transactions being made on your card, until the full balance has been paid back"*. So I'm satisfied that the letter was clear that if Mr S was unable to increase his payments over the next nine months he may no longer be able to spend on his card.

Tesco sent Mr S another letter dated 4 February 2020 which said *"We've been in touch before to let you know you'll lose the use of your card on your next statement date if you don't increase your credit card payments"*. Due to the pandemic, Mr S' card wasn't suspended on his next statement date.

But Tesco sent Mr S a letter dated 5 September 2020 which said *"We've been in touch before to let you know the scheduled suspension of your card would be delayed until 1 October 2020. This was to make sure you had access to the credit you needed during these unprecedented times. As we're now approaching that date, we wanted to update you and share your next steps. To help reduce your balance, and make repaying easier, your card will be suspended as planned, on your October monthly statement"*. So I'm satisfied that Mr S was told that his card would be suspended from his October statement date.

Although Mr S was sent this letter telling him his card would be suspended in October 2020, Tesco sent him another letter dated 3 October 2020 which said *"Your card has been suspended - here's what you need to know. We've written to you before about the actions you need to take on this account. We've noticed that you haven't set up a payment plan yet which means your card has now been suspended. We've done this to help you with your repayments and prevent you from increasing your balance further"*. So I'm satisfied that Tesco made it clear that Mr S' card was suspended due to persistent debt.

I've noted the strength of feeling that Mr S has that his statements didn't show that he was in persistent debt and that they didn't show his card was suspended, but there is no requirement for Tesco to document this on his statements as they had kept him fully informed about this via the letters they sent him, so Mr S should've been reasonably aware that his card was suspended.

I've considered what Mr S has said about his credit card statements showing that he had £1,500 available. While the credit card statement doesn't show the word "*available*", it does show that he had a £1,500 total credit limit. This is because only his card was suspended. If they had removed his credit limit when the card was suspended, then he could have incurred charges when his interest was charged to the account if he had no credit limit, so I'm not persuaded that Tesco have made an error by showing his total credit limit when it was his card which was suspended.

I can see that Mr S made a payment on 19 April 2023. This left his account in credit. He tried to pay for the rental car only a couple of days later. So I've looked at the terms and conditions of his account to see what this says about being able to use the card after he was considered to be in persistent debt. These show that "*We can lift the suspension on your card once you've paid off your balance. Before we do this: we'll do an affordability check to see if you can afford the card repayments; if we think you can afford your card, we'll let you know what credit limit we're prepared to give you. This limit may be lower than your credit limit*".

The terms also go on to show that "*In certain circumstances we won't lift the suspension on your card*", and it goes on to list certain incidents where they won't do this. So I'm not persuaded that Tesco set an expectation for Mr S that once he had cleared the balance on the card that he would be immediately able to use this again. I say this because the terms make it clear that in some instances they won't lift the suspension on the card, so it isn't a guarantee that they would lift the suspension.

But even if Tesco choose to lift the suspension, the terms clearly show that before they do this they'll conduct an affordability check. So as the terms don't state the suspension of the card would be immediately lifted once the balance is repaid or give an indication of how long this could take, then I can't say Tesco made an error here, and therefore I can't say it is proportionate for Tesco to pay Mr S for the loss of the car rental, work, and travel expenses.

The terms also show that before they lift the suspension on the card, they'll let Mr S know the limit they are prepared to give him. They set out in the terms that this limit may be lower than your credit limit. This is what happened here. Tesco lowered his credit limit. They are entitled to do this based on the terms of the account, so I won't be asking them to increase this back to the higher credit limit.

But when Mr S phoned Tesco after he was unable to pay for his car rental, I can see there was confusion about timescales given for when the card could be reactivated as he was told it would be 72 hours from his cycle date, instead of his actual cycle (statement) date. Although the correct information meant Mr S' card would be activated sooner, it would still be frustrating for Mr S to find out he was told incorrect information. He had asked to speak to a manager, but none were available, which would be upsetting for him at a time he was frustrated with his card being suspended even though he was now in credit on the account. I do note a call back was offered, but it was rejected as Mr S wanted someone to rectify his concerns sooner.

Tesco's final response email shows that they were crediting his bank account with £25 in recognition of the service issues on this call. I'm satisfied that this is in line with our awards for what happened here. So it follows I don't require Tesco to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or

reject my decision before 25 December 2023.

Gregory Sloanes  
**Ombudsman**