

The complaint

Mr S complains that Tesco Personal Finance PLC trading as Tesco Bank closed his credit card account down despite him taking action to keep this open by the deadline Tesco gave him.

What happened

Mr S received a letter from Tesco informing him that they would close his credit card account down with them if he didn't respond to their letter or use the credit card before 4 January 2023. Mr S says he responded to Tesco's letter via a phone call on 15 December 2022, only to be told by them that his account had already been closed. Mr S made a complaint to Tesco.

Tesco upheld Mr S' complaint. They said on 23 August they sent him a letter as part of a campaign where they contacted customers whose cards had been inactive for more than 12 months. They said they asked him to contact them or use the card by 2 November to ensure the account stayed open or it would be closed. Tesco said as they received no contact from Mr S and his account remained inactive before this date, then they closed his account. Tesco said they had now been made aware of an issue they had which meant some customers received a letter stating they had until January 2023 to use the account, which was sent in error. Tesco said they paid £50 compensation to Mr S' nominated account for the error.

Mr S brought his complaint to our service. He said he didn't receive the previous letter Tesco said they sent him and when they rang him to talk about the outcome of his complaint there was silence on the line which he found intimidating.

Our investigator did not uphold Mr S' complaint. He said Tesco provided evidence they wrote to Mr S in August 2022, asking him to get in touch by November 2022 and if Mr S didn't receive this letter he couldn't fairly hold Tesco responsible for this. He said Tesco then made an error, as they also wrote to Mr S in October 2022, asking him to get in touch by January 2023, which he did but his account was already closed by then. He said the call was silent as it seemed both sides couldn't hear the other.

Mr S asked for an ombudsman to review his complaint. He made a number of points. In summary he said the silent call from an unidentified number was distressing and their systems weren't adequate enough and it was unacceptable for them not to use caller identification and we should make recommendations to them for this to change. He said Tesco had agreed they closed his account prior to the date of the letter they sent him and he had made contact with them prior to the date on the letter. He said his credit card should be reopened and the compensation wasn't adequate.

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 or make recommendations to them about what technology they should use or to tell a business to use caller identification. We would also be unable to tell them how they should run their process in closing dormant accounts as these would all be a commercial decision for Tesco to make. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Tesco to make changes to their policies and procedures if necessary.

I've considered what Mr S has said about his credit card should be reopened. But as Mr S didn't act in line with the date on the original, correct letter they sent him, he missed out on the opportunity to keep this account open, when he didn't reply, or use his card by 2 November 2022. This is why Tesco closed his account in November 2022. Tesco have shown that Mr S was on their bulk mailing list for this letter, and they have said Mr S was also sent a further letter on 15 November 2022, confirming the closure had occurred, so he should have been reasonably aware that his account was already closed prior to the incorrect letter. But if Mr S did not receive these letters, I can't hold Tesco responsible for any postal errors.

But Tesco did make an error by sending Mr S a further letter which gave him hope that his account wouldn't be closed down. This caused Mr S inconvenience by contacting Tesco, when the reality was his account was already closed down and would be unable to be reactivated. So it would have been distressing for Mr S to hear that despite him contacting Tesco before the deadline on the incorrect letter, that nothing could be done to reopen the account.

I've also considered what Mr S has said about the silent call. In an email response to Mr S about the outcome of the complaint, the complaint handler says that he ended the call as there was no response from Mr S. So it appears there was a problem with the line where each party could not hear the other party. I would be unable to prove which line was faulty here, although I can empathise with what Mr S has said about how this call made him feel. But I'd be unable to prove this was a Tesco error.

I've considered the compensation which Tesco paid Mr S. I know that he feels this is not adequate and too low. But it is in line with what our service would have awarded him if Tesco did not uphold his complaint. Ultimately, he didn't act by the deadline provided in the correct original letter, so his account was closed in line with their process. A later, incorrect letter would not change this fact, but it did cause Mr S distress and inconvenience as it set an expectation that his account may have been able to stay open, which was incorrect. But as the compensation is in line with our guidelines, 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 4 August 2023.

Gregory Sloanes
Ombudsman