

## **The complaint**

Ms B complains Tesco Personal Finance PLC trading as Tesco Bank recorded a default against her credit card account when she thinks they shouldn't have.

## **What happened**

In 2018 Ms B had some difficulties with her property, and she had to move out. As a result of this, she started incurring a lot of expenses, and used her credit card to pay for some of these. Ms B was struggling financially, so contacted a debt charity, who suggested she speak to Tesco to try and come to a payment arrangement. She got in touch with Tesco and agreed a repayment plan.

Ms B is now looking to get a mortgage, and discovered a default was registered by Tesco in September 2018. Ms B wants the default to be removed.

Tesco said they received a letter from Ms B on 16 August 2018 proposing a reduced payment plan of £22.68 per month for the next six months. They said a letter was sent to Ms B's address on 21 August 2018 explaining because of the long-term nature of the plan they're required to terminate her account. This meant a default would be applied, but also meant no further interest, fees or charges would be applied.

Ms B's account was then managed by their recoveries team, but payments weren't received every month, and some payments received were for less than the agreed amount. Tesco said after 5 January 2022 Ms B stopped making payments, so they sold her account to a debt purchaser in January 2023. Overall, they didn't think they'd done anything wrong.

Unhappy with this Ms B asked us to look into things. One of our Investigators did so but thought Tesco had acted fairly.

Ms B didn't agree, saying she only stopped making payments when the account was sold, the timeframe of the agreement wasn't specified so she's not sure how it can be classed as long term, and Tesco were very aware of the stress she was under.

Our Investigator sent Ms B a copy of the letter dated 21 August 2018 which confirmed the plan was for six months. Ms B said it wasn't fair the default was applied only a few weeks after the plan was put in place, and ultimately didn't agree with our Investigator, so the complaint's been passed to me to decide.

## **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 think it's important to explain I can only require Tesco to remove the default if I'm satisfied they've made the error leading to the default being recorded. If I don't think they have, then I won't be telling them to remove it.

Ms B has explained her very difficult financial circumstances at the time in 2018. I'm genuinely very sorry to hear about what was happening for her, as it sounds extremely challenging.

Ms B contacted Tesco asking to make reduced payments for six months. This was responded to by Tesco in a letter dated 21 August 2018. This letter confirms acceptance of the plan Ms B put forward, and also says they'd be issuing her with a Default Notice letter and Termination Notice letter. In a separate heading titled "*Default and Termination*" Tesco added "*As we will be defaulting and terminating your account...we will report your account to the credit reference agencies as a default*".

Our Investigator sent Ms B a copy of this letter, and she didn't say she didn't receive it – so I've no reason to say Ms B wasn't made aware of the default being applied to her account.

A further three letters were then sent:

- 29 August 2018 – a Default Notice letter explaining unless Ms B made payment of the arrears then they'd be reporting her account to the credit reference agencies. And they explained the default would remain for six years.
- 26 September 2018 – a Notice of Sum in Arrears letter explaining Ms B was behind on her repayments.
- 27 September 2018 – a Termination Notice saying they've recently sent her a Default Notice but hadn't received the payment due.

All four letters included contact numbers for Tesco.

Overall then, I think Tesco did enough to make Ms B aware they'd be reporting a default, and she had an opportunity to query this with them if she didn't agree. Based on her testimony of not knowing they'd recorded a default, it seems she didn't contact them. So, I can't legitimately say they've done anything wrong in recording a default.

It's possible Tesco have reported the default earlier than they needed to. But, at the same time, if I require them to change the date of the default it'd only be to require Tesco to record the default later meaning it'd be on Ms B's credit file for longer. As things stand, the default is due to drop off in September 2024. As Tesco are satisfied with the date they've recorded the default I've seen no reason to require them to change it.

### **My final decision**

For the reasons I've explained above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 13 December 2023.

Jon Pearce  
**Ombudsman**