

## **The complaint**

Mr B complains that Tesco Personal Finance PLC, trading as Tesco Bank, failed to inform him that a promotional rate on his credit card was due to expire.

## **What happened**

Mr B holds a credit card with Tesco. The card was taken out in September 2021 with a promotional offer. The offer meant Mr B would not be charged interest for the first 15 months on any purchases, or any balance transfers that were moved across within the first 90 days.

In February 2023, Mr B received a statement showing that he was being charged interest on his balance, so he complained. He said that Tesco had not made it clear that the promotional interest rate was expiring, and he said would not have used the card had he realised.

Tesco responded. They said that the 0% offer ran for 15 months, and was taken out in September 2021. So, they said that they had correctly charged interest in January 2023 in line with the terms of the account following the expiry of the promotional offer. They did explain that they would normally add a reminder to any statements that were produced which would show if a promotional rate was ending. But they said in Mr B's case, statements were not being sent, as his balance had been at zero in the lead up to the rate expiring and his account was not being used regularly. They did however, as a goodwill gesture, refund £15.26 in interest that was charged in the March 2023 statement. But Mr B remained unhappy, so he brought his complaint to our service.

An investigator considered Mr B's complaint, but didn't recommend it was upheld. She said she was satisfied that interest had been applied to the account correctly. She was also satisfied that there was no requirement for Tesco to send Mr B statements in the lead up to the rate expiring, as his account had a zero balance and wasn't being regularly used. She was also satisfied that the statements that were sent in early 2023, clearly set out the interest that was being charged and when payments needed to be made by. So, she thought Tesco had treated Mr B fairly.

But Mr B remained unhappy, and provided copies of new promotional rate offers which he feels supports his case, so the case has 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.

The promotional rate on Mr B's account was due to run for 15 months and was arranged on the 22 September 2021, this does not seem to be in dispute. Tesco have told us that this 0% rate was in place up until it expired on 22 December 2022. So, I'm satisfied the 15 month rate reduction was applied correctly, and I've been provided no evidence to show that any interest was charged between these dates.

I've also looked at the terms of the credit card that Mr B held, and I can't see anything to show that there was any requirement on Tesco's part to inform Mr B that his promotional rate was coming to an end. There is a paragraph in the introductory rates section that says that Tesco will always write to a customer to let them know if a rate is being withdrawn. But the specific paragraph states:

*"Your introductory rates will be withdrawn if we don't receive at least the minimum payment by your payment due date. We'll always write to you to let you know that the introductory rates have been withdrawn, and from what date the standard rates will apply".*

I am satisfied, however (having reviewed further correspondence from Tesco), that an introductory rate being withdrawn, is not the same as a rate expiring. And the above term talks specifically about writing to the customer following a rate being withdrawn, and gives an example of a rate withdrawal as a consequence of a customer failing to make their minimum payment. So, on balance, I'm not persuaded that this applies to Mr B's circumstances.

Tesco have also informed us that they will add a reminder onto customer's statements two months prior to an introductory rate expiring, to let customers know that their introductory rate was coming to an end. But the terms of Mr B's account also state that:

*"We'll send you a statement in any month where you have a balance on your account or there has been any activity on your account. This will show the balance on your account on your statement date, any payments you've made to us, and any charges we've made since your last statement."*

Given there was no activity or active balance on Mr B's account in the lead up to the rate's expiry, I don't think it unreasonable that Tesco were not sending Mr B statements. And therefore, I don't think it unreasonable that he did not receive the notification.

In response to the investigator's opinion, Mr B has said that he received a promotional offer about new rates from Tesco recently, and he feels that this contradicts the investigator's findings that Tesco sends these updates in a statement. But these offers are not providing Mr B with information on when his specific deal expires, and is rather a wider mailshot, offering new balance transfer rates to customers. So, this has not led to me altering my opinion on the matter, and my findings still stand.

So, while I appreciate this may come as a disappointment to Mr B, I'm satisfied that Tesco's goodwill gesture was a satisfactory resolution to Mr B's complaint, and I won't be asking them to do anything further in response to his complaint.

### **My final decision**

My final decision is that I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 September 2023.

Brad McIlquham  
**Ombudsman**