

## **The complaint**

Miss S is unhappy with the service she's received from Tesco Personal Finance PLC, trading as Tesco Bank, surrounding a balance transfer she instructed.

## **What happened**

In July 2022, Miss S instructed a balance transfer from her newly opened Tesco credit account to another credit account she held with a third-party provider ("the receiving account"). But while Tesco confirmed to Miss S that the balance transfer had completed, the money never arrived in the receiving account.

Miss S chased Tesco about this, but the matter wasn't resolved. And because the instructed balance transfer was intended to clear the balance that was outstanding in the receiving account, the non-receipt of that money eventually led the receiving credit provider to default the receiving account because of the balance that remained unpaid in it. Miss S wasn't happy about this, so she raised a complaint.

Tesco responded to Miss S and explained that, upon investigation, they had identified that the balance transfer had been sent to the receiving bank without the required reference details. And this meant that while the money had been received by the receiving bank, it appeared the receiving bank hadn't been able to identify the received money as belonging to Miss S and so credit it to her account, because of Tesco's error.

Tesco apologised to Miss S for not including the reference details and for not investigating the transfer sooner, and they made a payment of £200 to Miss S as compensation for any trouble and upset she may have incurred as a result. Miss S wasn't satisfied with Tesco's response and felt that Tesco had caused her credit account with the receiving bank to be defaulted by that bank. So, she referred her complaint to this service.

One of our investigators looked at this complaint. They felt that the £200 compensation Tesco had paid to Miss S didn't fairly account for the worry and inconvenience she'd incurred and so recommended that Tesco pay a further £100 to her. And our investigator also said that Tesco should contact the receiving bank and explain to them what had happened so that they could potentially consider removing the default from Miss S's account. Neither Miss S nor Tesco agreed with the view of this complaint put forwards by our investigator, so the matter was escalated to an ombudsman for a final decision.

## **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 issued a provisional decision on this complaint on 8 November 2023, as follows:

*Tesco have admitted that they made a mistake here by not including the payment reference information with the balance transfer they sent to the receiving bank.*

*When a business admits that it's made a mistake, as Tesco have here, this service would generally expect that business to take the corrective action required to return the affected customer – as much as reasonably possible – to the position they should be in had the error never occurred.*

*Tesco feel that they've done that here. They note that they arranged the recall of the transferred money from the receiving bank so that it's now present in Miss S's Tesco account which now allows her to instruct a new balance transfer if she wants to do so. And Tesco have confirmed that they will honour the 0% interest promotional offer that was available to Miss S when she first instructed the transfer.*

*But Miss S doesn't agree that Tesco's actions have fairly put her into the position she should have been in. Rather, she feels that Tesco's actions directly caused her to incur a default on the receiving account – because the money that should have been received into the account upon the transfer instruction, wasn't in fact received.*

*I can appreciate Miss S's position here – to a degree. But there are three relevant parties to what's happened here: Tesco, the receiving bank, and Miss S herself. And having considered all the information available to me, I'm not convinced that Tesco should fairly be deemed solely responsible for the defaulting of the receiving account. And this is because I feel that Miss S should also bear some degree of responsibility for the fact the receiving account was defaulted because of the outstanding balance that remained in it.*

*One reason I say this is because while Miss S instructed the balance transfer in late July 2022, she didn't contact Tesco about the non-receipt of the money into the receiving account until late October 2022 – three months after the transfer was instructed.*

*While I can appreciate that Miss S received a confirmation from Tesco that the balance transfer had completed, it remained her responsibility as the account holder of both the Tesco and the receiving accounts, to have monitored those accounts and to have been aware of the ongoing status of them. And I also feel that it stands to reason that the receiving bank would have been sending monthly statements to Miss S – as Tesco were themselves doing – which should have indicated to Miss S at a relatively early stage that the balance transfer hadn't completed as she believed it had.*

*Additionally, Tesco have explained that when Miss S did contact them in October 2022, they asked her to provide the card number for the receiving account so that they could investigate what had happened. And Tesco have also explained that Miss S didn't have information with her at that time and was asked by Tesco to call back and provide it.*

*But Miss S didn't call back and provide the information that Tesco had reasonably requested from her. And the next call that Tesco received from Miss S after the October 2022 call took place in late January 2023 – another three months later, and now six months after the balance transfer had been instructed. And again, I feel that Miss S should reasonably have been aware of the status of her receiving account, including that an outstanding balance remained on it, during this period.*

*So, while I accept that Tesco did make a mistake here which led to the balance transfer not being received into the receiving account, I feel that Miss S had a prolonged opportunity to have recognised this and to have mitigated against the defaulting of her account by the receiving bank. And because of this I don't feel that Tesco should fairly be considered responsible for the defaulting of that account as Miss S suggests.*

*I also feel that the corrective actions and payment of compensation that Tesco have already made here – as I've described them above – already represent a fair and reasonable*

*outcome to the mistake that Tesco made. To reiterate, this is on the basis that while Tesco did make the initial mistake, I feel that Miss S should fairly be considered responsible for the eventual defaulting of her receiving account because she didn't recognise or mitigate against the non-receipt of the balance transfer funds as would reasonably be expected.*

*All of which means that I don't feel that Tesco should fairly be instructed to take any further or alternative action here, and it follows from this that my provisional decision is that I won't be upholding this complaint.*

Miss S responded to my provisional decision and explained that she felt that both Tesco and the receiving bank had handled the situation badly, but that the real problem was the receiving bank. And Miss S has provided examples of what the receiving bank did that she is unhappy about.

I can appreciate Miss S's dissatisfaction here. But this complaint has been raised against Tesco, and not against the receiving bank. As such, my assessment here can only consider the actions of Tesco. And for the reasons I've explained in my provisional decision, I continue to feel that no further action should reasonably be required of Tesco here, such that I won't be upholding this complaint against them.

I realise this might not be the outcome Miss S was wanting, but I hope she will understand, given what I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 4 January 2024.

Paul Cooper  
**Ombudsman**