

The complaint

Mrs O complains that Tesco Personal Finance PLC trading as Tesco Bank reported a missed payment on her credit file.

What happened

Mrs O holds a credit card account with Tesco Bank. On Sunday 16 October 2022 she made a manual payment for the full balance on her account. She later discovered that interest of £6.82 had been added to her account and a missed payment marker had been reported on her credit file.

Mrs O complained to Tesco Bank. In its final response, Tesco Bank said that Mrs O's statement dated 21 September 2022 had a minimum payment of £25 due by 16 October 2022. It said it didn't receive payment by the due date, so a missed payment was recorded. Tesco Bank said it understood that Mrs O had made a payment on Sunday 16 October 2022 but said that because the payment wasn't made on a working day, it didn't clear until Monday 17 October 2022, which was after the payment due date. Tesco Bank said that Mrs O should allow up to 2 working days for any payments to clear as outlines on her statement.

Tesco Bank also said that because full payment hadn't reached the account by the due date, interest of £6.62 was charged on the October 2022 statement. It said that the next statement dated 21 October 2022 had a minimum payment of £6.82 due to be paid by 15 November 2022. Tesco Bank said that because no payment was received, another missed payment was recorded. Tesco Bank said it realised that the interest had later been refunded as a goodwill gesture but said that because no payment had been made, the missed payment had been correctly reported.

Tesco Bank acknowledged that Mrs O had been provided with incorrect information that her credit file wouldn't be impacted when she called. It also acknowledged that Mrs O had been provided with incorrect advice to contact the credit reference agencies to have the credit file impact removed. Tesco Bank said it was upholding the complaint based on the incorrect information Mrs O had been given and the repeat contact she'd had to make, and paid compensation of £40.

Mrs O remained unhappy and brought her complaint to this service. She said she'd made full payment on 16 October 2022 and there shouldn't have been any interest to pay on the next statement. Mrs O said the missed payment had been reported unfairly.

Our investigator didn't uphold the complaint. They said they didn't think Tesco Bank had done anything wrong by reporting a missed payment, because the payment made on 16 October 2022 didn't clear until the next working day, which meant it was late. The investigator said that Tesco had provided incorrect information to Mrs O which had caused her distress and inconvenience due to her circumstances at the time, and said the compensation payment should be increased to £100.

Mrs O didn't agree. She said that Tesco Bank hadn't treated her fairly. Tesco Bank didn't agree either. It said it understood that the situation had caused Mrs O a degree of stress and

inconvenience, but it was the missed payment, not the complaint handling, which was the cause. Tesco Bank said it thought the compensation of £40 was fair and it disagreed that this should be increased.

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've reviewed the statements for Mrs O's account. The statement dated 21 September 2022 required a minimum payment of £25 by 16 October 2022.

Mrs O made a payment for the full balance on the account on 16 October 2022. However, because this was a Sunday, the payment didn't clear until the following day. This meant that the payment was received after the payment due date, and it was recorded as a missed payment.

I understand why Mrs O feels that it was unfair to treat this payment as a missed payment. She says she made the payment on the due date and believes the payment should've been cleared to her account on the same day. However, payments made on a non-working day (such as a Sunday, as was the case here) don't clear until the next working day. Further, on the reverse of Mrs O's monthly statement it states that *"please allow up to 9 business days for cheque payments to clear and 2 business days for all other payment methods"*.

Based on what I've seen, I'm satisfied that the payment made on 16 October 2022 was correctly treated as a missed payment by Tesco Bank.

This payment hasn't been reported to the credit reference agencies as a missed payment. This is because the payment was made prior to the date when Tesco Bank sent its monthly report to the credit reference agencies.

I've reviewed the statement dated 21 October 2022. This shows that an interest charge had been applied to Mrs O's account in respect of the missed payment I've referred to above. The statement required a payment of £6.82 by 15 November 2022.

The payment wasn't made so Tesco Bank recorded another missed payment. This missed payment was reported to the credit reference agencies because it wasn't paid prior to the date when Tesco Bank sent its monthly report to the credit reference agencies.

Based on what I've seen, I'm satisfied that interest was correctly applied to Mrs O's account. I say this because the terms and conditions of the account state that customers are given a maximum of 56 days interest free on purchases made as long as the balance is paid in full and on time. Because Mrs O didn't pay her balance in full and on time in respect of the payment due by 16 October 2022, interest was charged on the October 2022 statement.

I can see that when Mrs O contacted Tesco Bank about her account in December 2022, the agent agreed to refund the £6.82 interest charges as a gesture of goodwill. Mrs O says that she was advised by the agent that the missed payment would come off her credit file after a few weeks. I haven't been able to listen to the call because it wasn't fully recorded. Tesco Bank has said that it isn't able to provide a full call recording as the call was only partially recorded. It said it accepts that Mrs O was given incorrect advice about the missed payment marker coming off her credit file.

I can see that Mrs O contacted Tesco Bank again in May 2023. Mrs O says she was advised by the agent that she would need to make contact with the credit reference agencies to have

the missed payment marker removed. Tesco Bank hasn't been able to provide the call recording but said it accepts that Mrs O was given incorrect advice about the steps she should take to have the missed payment marker removed.

On balance, I'm persuaded that it's more likely than not that Mrs O was provided with incorrect information on more than one occasion when she called Tesco Bank to discuss the missed payment marker. This incorrect information caused Mrs O to make repeated contact with the credit reference agencies in the belief that this was how things would be sorted out. If Tesco Bank had provided accurate information to Mrs O then she wouldn't have needed to spend time doing this. I've taken into consideration that this happened at a time when Mrs O was dealing with some distressing family circumstances, so the impact of the incorrect advice was significant.

For the reasons I've explained above, I don't think the missed payment marker has been reported in error, so I won't be asking Tesco Bank to amend the credit file. However, because Tesco Bank provided incorrect advice to Mrs O on more than one occasion, and raised her expectations that the marker would be removed, which led to Mrs O being caused distress and inconvenience by having to make further calls to Tesco Bank and make repeated contact with the credit reference agencies, I agree with the investigator that further compensation should be paid to Mrs O. I think the sum of £100 is fair and reasonable.

My final decision

My final decision is that I partially uphold the complaint. Tesco Personal Finance PLC trading as Tesco Bank must pay total compensation of £100 to Mrs O.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 4 June 2024.

Emma Davy
Ombudsman