

## **The complaint**

Mr M complains Tesco Personal Finance PLC have unfairly recorded a late payment for his credit card against his credit file.

## **What happened**

Mr M contacted us in June 2023 and said he'd set up a direct debit on the Tesco app to repay his credit card, but he was told the payment didn't go through. He says as soon as he was told he'd missed the payment he called them to make it. Mr M says his credit file has been severely impacted because of this, and he's offered to pay off the whole balance if Tesco will remove the late payment marker.

Tesco said they understood Mr M would like the late payment marker removed from his credit file, but they hadn't done anything wrong as there was no direct debit set up. And when his statement of 25 April was produced the minimum payment was due on 20 May – but this wasn't made. They thanked Mr M for the payment on 6 June, but as this was too late the marker would remain. They also noted Mr M had now set up the direct debit on 9 June. Finally, they said as a gesture of goodwill they'd refunded the late payment fee, interest and applied a one-month interest waiver.

Mr M wasn't happy with this, and he said Tesco removing the late payment fee as a gesture of goodwill is an admission of failure by them. He also said there is an obvious fault on the Tesco app. He added there is proof that as soon as the notification came through of the late payment, he made the payment and reset up the direct debit. So, he asked us to look into things.

One of our Investigators did so, but on balance found Tesco hadn't done anything wrong. Mr M disagreed with that, 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 in this case I don't have definitive evidence of Mr M setting up his direct debit. That means I need to decide whether I think it's more likely than not he did set up the direct debit correctly and Tesco's systems have failed, based on the information I do have.

Starting with Mr M's testimony, he's explained as soon as he got the notification of the missed payment, he contacted Tesco to make the payment and make sure the direct debit was set up. These are clearly the actions of someone who never had any intention to miss their payments. So, I don't doubt Mr M's intent at all – he always intended to pay the minimum payment on his credit card. But, this doesn't persuade me on its own he had actually set up the direct debit.

I've listened to the call Mr M had with Tesco. At the start of the call he says he's made a mistake as he thought he'd set up the direct debit. He asks if he can make some kind of deal to get the missed payment removed from his credit file. In the call I think it's fair to say Mr M doesn't sound certain he set up a direct debit in time for it to collect the payment. I appreciate Tesco will say this shows Mr M knew he didn't. And I think Mr M would say this is because he was trying to negotiate with Tesco to get matters resolved. Either way, Mr M's testimony and this call don't persuade me he definitely set up the direct debit and Tesco's systems have failed.

Mr M has also shown us he's getting double notifications when his statements are ready and says this is proof of problems with Tesco's app. I agree it's unusual, but again this doesn't prove to me he set up a direct debit when he says he did. We asked Tesco about this, and they've told us it's because the monthly and annual statements were generated at the same time. I don't know for certain if that's correct, but that's their explanation, and this also wouldn't persuade me Tesco had made any errors with setting up the direct debit. Tesco have said if Mr M continues to have problems with this, he should raise it with them for them to look into.

Mr M also says Tesco providing a goodwill gesture to remove the late payment fee (plus waiving some interest and giving him a free month worth of interest) is an admission of failure by them. But I'm afraid I disagree on the basis Tesco have clearly said this is a gesture of goodwill. In other words, it isn't something they needed to do but have done so anyway.

Turning now to Tesco's evidence, they have shown when Mr M did set up the direct debit this showed up on their systems – and they've shown this wasn't there for April time when Mr M says he set up the direct debit.

In addition, if this was an issue with Tesco's app I'd expect there to be a significant amount of issues regarding this. I'm not aware of wider issues and when we've asked Tesco they've said they checked with their IT department who said they hadn't had any reports of this. I've also done some online research to see if there are issues being reported. I've found some examples of this, but very sporadic and nothing that convinces me this is a known issue with Tesco and has led to detriment for Mr M.

To be clear, I'm in no way saying Mr M is lying as he's suggested our Investigator has said. I believe he believes he set up the direct debit, but mistakes can and do happen. Here, I'm required to decide who I think has made the mistake, and on balance I'm just not persuaded it's Tesco that did so.

### **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 Mr M to accept or reject my decision before 14 February 2024.

Jon Pearce  
**Ombudsman**