

The complaint

Miss M complains that after approving an overdraft facility of £500 TSB Bank plc failed to apply it to her current account.

What happened

In March 2020 Miss M applied for an overdraft with TSB. The application was approved and on 19 March 2020, TSB wrote to Miss M to confirm important information about the overdraft facility of £500.

TSB made a mistake and the overdraft facility wasn't applied to Miss M's account. When Miss M applied for the overdraft facility a second time her request was turned down.

Miss M complained and TSB partially upheld her concerns. On 12 June 2020 TSB issued its final response and accepted it had failed to apply the overdraft facility due to a technical error. But TSB said it couldn't apply the overdraft to the current account as a subsequent request had been turned down. In total, TSB has paid Miss M £146 for her costs and the trouble and upset caused by its actions.

Miss M referred her complaint to our service and has told us that she had taken the step of borrowing funds from family and friends. Miss M has also explained that she wanted to have the security of an arranged overdraft in place due to the pandemic and uncertainty caused. Our investigator looked at Miss M's complaint and upheld it. He asked TSB to pay a total of £250 to recognise the distress and inconvenience caused to Miss M.

TSB didn't agree and responded to say it wasn't persuaded Miss M had needed to borrow money from family and friends as her account activity didn't show that. TSB also advised that Miss M's day to day banking appears to be handled with another business and that she could have applied for an overdraft elsewhere. As TSB asked to appeal, Miss M's complaint has been passed to me to make a 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.

TSB has already paid Miss M £146 and our investigator has asked it to pay a further £104, taking the total award for £250. Whilst I note TSB's comments in response to the investigator, I think £250 fairly reflects the impact of this situation on Miss M.

In response to the investigator, TSB has sent statement information to show Miss M's account activity remained broadly the same during the period in question. TSB says that shows Miss M didn't borrow money from friends and family, but goes on to advise she appears to have two other bank accounts with different businesses. Given TSB knows Miss M has other bank accounts and has said her day to day banking appears to be dealt with elsewhere, it's clear it doesn't have a full picture of her circumstances. I'm not sure TSB can say with any certainty whether Miss M needed to borrow money or not.

I've considered the case as a whole, and paid close attention to what Miss M says has told us about the impact of the situation. Miss M applied for the overdraft facility in case of an emergency during uncertain times. It's clear TSB was aware of the nature of the request and why Miss M wanted to have borrowing available. I appreciate TSB's point that Miss M doesn't appear to have needed the funds that would have been available, but as I've said above, it doesn't have a full picture of her circumstances. I also think it's reasonable to say that TSB's acceptance of Miss M's overdraft request gave considerable peace of mind at a very difficult time.

I can understand how upsetting it must have been when TSB advised Miss M it had failed to apply the overdraft facility it previously approved. And I can also see how frustrating it must have been to have been told the subsequent application had been declined, despite her circumstances remaining the same. Ultimately, it's up to TSB to decide whether to approve an overdraft or not, in line with its criteria, but I can see that the way Miss M's applications were handled caused considerable distress.

Our investigator increased the award by £104, taking the total settlement to £250. I've considered everything TSB and Miss M have said in response to the investigator's findings. Having done so, I'm satisfied that £250 reflects the impact of the issues raised on Miss M and is fair in all the circumstances. As a result, I'm going to uphold Miss M's complaint and direct TSB to increase the settlement to £250.

My final decision

My decision is that I uphold this complaint and direct TSB Bank plc to pay Miss M a total of £250 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 24 December 2020.

Marco Manente

Ombudsman