

The complaint

Miss A has complained that TSB Bank plc won't remove a default from her credit reference files.

What happened

Miss A added her ex partner to her current account in April 2016. She said he'd coerced her into making her sole account a joint one. She said he then took control of the account and ran up debts. In January 2018, Miss A obtained a restraining order against him. She said she told a local branch about the restraining order in July 2018 and asked the bank to remove him from the account, but it didn't do this.

By September 2018, the account had exceeded the arranged overdraft limit. TSB passed the account to its collections department. As the bank had received no response to its formal demands for payment or notices of arrears, it sent the account to its recoveries team. In January 2019, TSB registered a default in the credit reference files for Miss A and her ex partner.

Miss A complained to TSB. She said it hadn't told her it was going to register a default. She said the default stopped her from opening a new account and she couldn't start her new business. Consequently, she lost a business opportunity worth £250,000. She asked it to remove the default and compensate her for her loss.

She also complained that:

- TSB had allowed her ex partner to change the account into his sole name
- it had provided him with bank statements before he'd been added to the account
- the local branch advised her to let the account fall into arrears
- it didn't remove her ex partner from the account in July 2018.

TSB looked into her complaint. It discovered that it had sent the formal demands for payment and the default notices to her ex partner, but not her. It rectified its mistake by taking back the account from its recoveries team. It updated her address and arranged for the default to be removed from her credit file. It reissued the default letter and formal demand for payment and told her she could repay the debt by instalments or in a single payment. It also paid her £375 in compensation. It didn't uphold her other complaints.

Miss A wasn't happy with TSB's decision, so she brought her complaint to this service. She said the default was still showing on her credit reference files.

An investigator looked into her complaint and recommended that TSB remove the default which it had registered in January 2019. She didn't uphold Miss A's other complaints.

TSB didn't agree with the investigator's view. It said it had removed the default temporarily but because Miss A hadn't settled the debt, which remained outstanding, the default was registered again.

The case was referred to me for an ombudsman's final decision.

I completed a provisional decision on 18 November 2020. I concluded that, as the debt remained outstanding, TSB were entitled to leave the default on Miss A's credit reference files. I didn't uphold Miss A's other complaints as they were largely unsupported by the evidence and there was no evidence that she'd been affected by TSB's decision not to remove her ex partner from the account.

Miss A has not responded to my provisional decision, despite being granted extra time.

This case has now come back to me for an ombudsman's 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.

Having done so, I'm afraid my decision remains the same. I don't consider there are any reasons why I should ask TSB to remove the default from Miss A's credit files, if the debt remains outstanding.

The default letter and formal demand for payment were re issued on 31 March 2020. The new letters told Miss A she could repay the debt in a single payment or by instalments. She confirmed she received those letters. Miss A told our investigator she is willing to clear the debt herself. I understand she isn't waiting for her ex partner to pay half of it. She said she can pay it off. But she hasn't done this yet. And as she didn't make any repayments by the deadline given in the letters, TSB was entitled to register the default again. TSB also said that as long as the debt remains unpaid, the default automatically keeps re-reporting each month.

In these circumstances, I think TSB has acted fairly and reasonably with regards to the default. I won't be asking it to remove it.

I appreciate Miss A said she was waiting for an ombudsman's final decision. However, the amount was never in dispute. She didn't ask this service to determine how much she should repay. I don't know why she hasn't paid some or all of it. But I also understand that the last 12 months have been exceptionally difficult for consumers and especially the self-employed.

TSB said once she pays off some or all the debt it will remove the default, although it is obliged to record information about the arrears. In the meantime, if Miss A can't now pay off the overdraft because of the coronavirus, then I would expect TSB to talk to her about what support it can give her.

In relation to the lost business opportunity, Miss A hasn't provided any evidence that the default was the sole reason why she couldn't open another business account. It might have been a factor, but I think it's unlikely it was the only reason. And besides, the fact remains that she and her ex partner owe the bank money. So, I don't think it would be fair and reasonable to hold TSB responsible for her not being able to open another account.

Financial abuse and coercion

Miss A didn't disagree with our investigator's decision not to uphold her other complaints. I also agreed with the investigator's conclusions.

TSB has shown it didn't send the ex partner any statements before he was added to the account. And it said Miss A had signed the relevant forms adding him to the account and, therefore, it had no reason to suspect coercion.

TSB also said Miss A didn't tell it about the restraining order in July 2018. She only said she was going through a separation from him. There was a six months' interval between the date of the order and her complaint to the bank about her partner. The interval suggests she wasn't too worried about her account at the time. However, having recently got the order, I think it's more likely than not she would've mentioned it when she went into the local branch in July 2018.

There is now a greater awareness of financial or economic abuse and banks are encouraged to help victims regain more control over their finances. Our investigator referred to the industry guidance in her view. And removing an abusive partner from an account may be an appropriate action in some circumstances. TSB didn't do this. I think TSB should've done more to listen to her concerns. Had it done so, it might have decided to remove her ex partner from the account in July 2018. But I'm afraid I don't think she was financially worse off because it didn't do this. I'll explain why.

By April 2016, the account was overdrawn by £867. The account continued to be in and out of an overdraft until it exceeded the arranged overdraft limit and was passed to the collections' team in September 2018. Most of the expenses on the account were for rent and household expenses. Miss A confirmed the tenancy agreement and household bills were in her sole name. There are a few payments to the ex partner, but these are for comparatively small amounts of £20 to £50. From July 2018, there are a couple of cash withdrawals, which might have been made by the ex partner. I've no way of knowing who made them and Miss A hasn't identified which transactions were made by him. All other transactions in 2018 are direct debit payments, which I assume she had set up. They seem to be payments to a credit card account. Again, I don't know whose card that was. There were no transactions in 2019.

I don't doubt that the ex partner was abusive towards Miss A. This was proven by the restraining order. It must have been distressing and frightening for her and I'm very sorry she experienced this ordeal. But I'm afraid I can't see any evidence from the statements that the ex partner was solely responsible for the debt, or that he exerted financial control or coercion over the account. And I can't see that Miss A suffered any financial losses or hardship as a direct result of his name remaining on the account after July 2018.

I've also considered whether the staff member in the local branch misled Miss A into 'letting the account go into arrears' so that she could get help with her situation. TSB said this isn't advice it would give a customer because of the impact on the credit reference files. I agree it would be unusual for a bank to give this advice officially. The account was already in arrears and looking at the statements it doesn't seem that Miss A acted on this advice anyway. Apart from two cash withdrawals, most of the transactions from July 2018 were the existing direct debit payments.

I'm sorry this isn't the outcome Miss A was hoping for. I realise she hasn't responded to my provisional decision. I've carefully considered her requests for extra time. I understand she has found it difficult to prioritise this complaint while caring for her children during periods of self-isolation and lockdown and while trying to work. I recognise these are unprecedented times and sympathise with her situation. I've taken that into account and allowed her two extensions of time. However, having regard to the facts and that Miss A previously agreed to settle the debt, I think it's unlikely she will have any new information which will make a

material difference to the outcome. And it's in her best interests for this dispute to be resolved. So, for these reasons, I've decided to issue my final decision.

I'm sorry this will be disappointing news for Miss A. I hope the reasons for my decision are clear and that she is now able to rebuild her life.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 8 February 2021.

Razia Karim
Ombudsman