

## **The complaint**

Mr F has complained that TSB Bank plc (“TSB”) that changes to its overdraft pricing structure and continuing to charge him excessive amounts for his overdraft caused him financial difficulty.

## **What happened**

Mr F says TSB acted unfairly by continuing to apply charges to his account when he was in financial difficulty. TSB didn’t uphold the complaint. And as Mr F was dis-satisfied he referred the complaint to our service.

Mr F’s complaint was considered by one of our adjudicators. He thought that TSB ought to have realised that Mr F was experiencing financial difficulty by September 2014 and so shouldn’t have added any more interest, fees and charges from this point onwards. TSB didn’t respond so the case was passed to an ombudsman.

## **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 will be familiar with all the rules, regulations and good industry practice we consider when looking at whether a bank treated a customer fairly and reasonably when applying overdraft charges. So I don’t consider it necessary to set all of this out in this decision.

Having carefully considered everything provided, I’m intending to find that TSB acted unfairly when it continued charging overdraft interest and associated fees from September 2014. By this point, it ought to have been clear that Mr F was in no position to sustainably repay what he owed within a reasonable period of time.

By this point, Mr F was hardcore borrowing. In other, words he hadn’t seen or maintained a credit balance for an extended period of time. TSB’s own literature suggests that overdrafts are for unforeseen emergency borrowing not prolonged day-to-day expenditure. There were also a significant number of gambling transactions showing on Mr F’s statements. So I think that Mr F’s overdraft usage should have prompted TSB to have realised that Mr F wasn’t using his overdraft as intended and shouldn’t have continued offering it on the same terms. As TSB didn’t react to Mr F’s overdraft usage and instead continued charging in the same way, I think it failed to act fairly and reasonably.

Mr F ended up paying additional interest, fees and charges on his overdraft and this ended up exacerbating difficulties he already had in trying to clear it. So I think that TSB didn’t treat Mr F fairly and he lost out because of what TSB did wrong. And this means that it should put things right.

## **Putting things right**

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mr F's complaint for TSB to put things right by:

- Reworking Mr F's current overdraft balance so that all interest, fees and charges applied to it from September 2014 are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made TSB should contact Mr F to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Mr F's credit file, it should reflect what would have been recorded had it started the process of taking corrective action on the overdraft in September 2014.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Mr F along with 8% simple interest† on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then TSB should remove any adverse information from Mr F's credit file.

† HM Revenue & Customs requires TSB to take off tax from this interest. TSB must give Mr F a certificate showing how much tax it has taken off if they ask for one.

### **My final decision**

For the reasons I've explained, I'm upholding Mr F's complaint. TSB Bank plc should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 25 October 2021.

Caroline Davies  
**Ombudsman**