

The complaint

Mr H has complained that TSB Bank plc ("TSB") acted irresponsibly by agreeing to increase his overdraft limit. He says TSB failed to carry out proper checks and that it failed in its duty of care to him. He's unhappy with what TSB has agreed to do to put things right for him.

What happened

Mr H complained about TSB agreeing to increase his overdraft limit to over £3,000. One of our adjudicators looked at this complaint and thought that TSB should rework Mr H's account to remove the effect of all the interest, fees and charges which were added to his overdraft from April 2020.

TSB accepted our adjudicator's view and refunded the interest and charges to his account, but Mr H disagreed. He feels he should never have been given the overdraft and wants the outstanding balance of his account to be written off or reduced.

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 carefully considered everything, I think that what TSB has already agreed to do to put things right for Mr H is fair and reasonable in all the circumstances of his complaint. I'll explain why I think this is the case.

It might help for me to start by explaining that where a business accepts (or we decide) it did something wrong, we'd expect it to put the consumer in the position they would be in if that wrong hadn't taken place. In an ideal world, we'd tell a business to put a consumer in the position they'd now be in if they hadn't been given the credit they shouldn't have, but we also have to bear in mind that often the core debt is made up of money that the consumer has spent.

So where a business continued to allow a consumer to use a credit facility which it should have realised was unsustainable, we'd typically think it fair to put the consumer in the position they'd be in now if they hadn't paid any further interest and charges on that credit. This means we'd normally expect a lender to refund the interest and charges added to any credit from the point the lender ought to have realised it was unsustainable. And if those interest and charges were paid also add 8% simple interest per year.

In this case, Mr H is left with an outstanding balance even though he's been 'refunded' the interest, fees and charges applied from April 2020. But while Mr H has been left with a balance on his debt and he might be unhappy with this, TSB has done what I'd normally expect it to do here.

And I'm satisfied that it is reasonable for us to ask TSB to refund charges from April 2020 onwards, and not earlier. When Mr H increased his overdraft limits in late 2019 there were no signs that he was struggling financially or that he wouldn't be able to maintain the

overdraft limits he was applying for. He was receiving regular income and passed TSB's credit checks, so I don't think it was unreasonable for TSB to agree the limit increases he'd requested.

Mr H only told TSB about his difficult personal circumstances in December 2019, at which point TSB waived some of the charges on his account, carried out an assessment of his financial circumstances, and agreed a reducing overdraft limit to help him repay his overdraft in an affordable way. I think those steps were appropriate at the time. But when Mr H then didn't make the first two payments to reduce the overdraft on his account, I think TSB should have taken action to stop the account from deteriorating further by stopping charges and interest on the outstanding balance and moving the account to collections.

Bearing in mind all of this, I'm satisfied that what TSB has already agreed to do to put things right for Mr H is fair and reasonable in all the circumstances of his case and I'm not requiring it to do anything more. As this is the case, it's up to Mr H to decide whether he wishes to accept TSB's offer.

My final decision

For the reasons I've explained, I'm satisfied that what TSB Bank plc has already agreed to do to put things right for Mr H is fair and reasonable in the circumstances of his case. So I'm not requiring it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 November 2021.

Sophie Mitchell
Ombudsman