

The complaint

Mrs H feels that TSB Bank Plc didn't treat her fairly when she told it of her financial difficulties, she would like TSB to remove the default it has registered regarding her account.

What happened

Mrs H says she has been asking TSB for help with reducing her overdraft for a number of years. In October 2020 she decided she no longer wanted to bank with TSB and so switched her account to a different bank, but this left her TSB account with an overdrawn balance. Mrs H spoke with TSB at that time and explained that she was unwell with a terminal illness and that she was struggling financially. Interest and charges were suspended on Mrs H's account and TSB asked her to call back when she had a better idea of her long-term situation.

Over the next couple of months TSB wrote to Mrs H and sent her messages asking her to make contact, and Mrs H got back in touch with TSB in January 2021. At that time Mrs H set out that she would only be able to afford to pay around £30 per month to reduce the outstanding debt, and TSB explained that this plan was too low to be accepted formally. As a result, TSB said it would only be able to agree an informal plan. Mrs H was unhappy with this and asked to raise a complaint.

TSB called Mrs H to respond to her concerns, and explained why it could only agree an informal plan and what this would mean for Mrs H's account. During this call TSB agreed to give Mrs H some breathing space to see what her options were by putting the account on hold.

When Mrs H didn't get back in touch after a month, TSB continued with its usual collections process and ultimately Mrs H's account was defaulted and passed to a debt collection agency. Mrs H was very unhappy with this, and wrote to the debt collection agency to explain that she had been trying to agree a repayment plan but that TSB had failed to engage with her, as a result her account was then taken back into TSB's recoveries department in May 2020.

In October 2021 TSB once again made contact with Mrs H, via its tailored support team, to discuss a way forward and on 2 November 2021 Mrs H and TSB were able to have a detailed conversation about Mrs H's circumstances. TSB asked Mrs H to complete a detailed income and expenditure form and arranged to call her back on 22 November 2021 to discuss what it might be able to do to help.

TSB did not contact Mrs H on 22 November 2021 as it had promised, but Mrs H nonetheless submitted her income and expenditure details – showing that her expenditure exceeded her income – along with an offer to pay £30 per month towards her outstanding debt. TSB has told us it is happy to accept this offer of payment, but it's not clear if TSB has communicated this to Mrs H.

Mrs H remained unhappy with what TSB had done, and so she raised a further complaint. TSB agreed that there had been a delay in reviewing her account and so offered to pay Mrs H £250 compensation to recognise the distress that may have caused.

Mrs H still didn't feel TSB had done enough, so she asked us to look into her complaint.

One of our adjudicators looked into Mrs H's concerns, he felt that TSB hadn't acted unfairly. Mrs H disagreed, so the complaint was passed to an ombudsman for a 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 carefully considered everything, I don't think that TSB has acted unfairly here. I'll explain why I think this is the case.

I appreciate that Mrs H has said she was discussing her account with TSB for some time before she switched her account in October 2020 but the notes I've seen don't show any evidence to support that Mrs H had discussed her difficulties with TSB earlier than October. And Mrs H hasn't been able to provide details of who she spoke to or when those discussions took place, so I'm satisfied that the available evidence suggests the first that TSB was aware of Mrs H's difficulties was in October 2020.

I'm also satisfied that TSB's actions following that initial contact were reasonable, it confirmed that all interest and charges were stopped on the outstanding balance, and gave Mrs H some time to consider what she wanted to do. And I don't think it was unreasonable for TSB to then say that a £30 per month repayment plan was too low to keep Mrs H's account out of the bank's recoveries department. A repayment plan at that level would take many years to clear the outstanding balance of the account. And given that Mrs H was no longer using this account for any day to day expenditure I think it was fair for TSB to say that the balance would need to be referred to recoveries.

TSB then gave Mrs H some more time to consider her options, but when Mrs H didn't get back in touch with TSB I think it was fair for it to continue its normal collections process and to ultimately default the account. It seems clear that Mrs H is unable to repay the outstanding debt in full, and that she can only afford to make a small monthly payment towards reducing the debt, so I think that the default is an accurate representation of Mrs H's financial position regarding this account.

I appreciate that Mrs H is also specifically unhappy with TSB recording that she has 'missed payments' on her account, when no repayment plan has been agreed. But the fact is that Mrs H has not made payments towards the account since early 2021, so it is correct for her credit file to show that no payments have been made, regardless of whether a formal repayment plan has been agreed or not.

I do acknowledge that TSB didn't contact Mrs H when it said it would in November 2021, and I also think there has been a slight breakdown in communication here as TSB has said it is happy to accept Mrs H's offer of £30 per month, but it appears Mrs H was not aware of that. However, TSB has already offered to pay Mrs H £250 to recognise that it could have handled things better, and I think that is fair in all the circumstances of this complaint.

Lastly, I note that Mrs H has suggested she doesn't know how to make payments to her account. TSB has confirmed that Mrs H should make payments to the account using the

details set out in the letter she received when she switched her account (a copy of which will be enclosed with this decision).

With all this in mind, I think TSB has acted fairly here, so I won't be asking it to remove the default from Mrs H's credit file or to offer her any further compensation.

I appreciate that this will be very disappointing for Mrs H, but this means I won't be upholding her complaint.

My final decision

For the reasons I've explained, I'm not upholding this complaint. TSB Bank Plc should pay Mrs H the £250 it has offered to her if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 14 July 2022.

Sophie Mitchell
Ombudsman