

The complaint and background

Miss K complains that TSB Bank Plc didn't treat her fairly when defaulting her account.

Miss K's account went into an unarranged overdraft in July 2021. In July and August Miss K spoke with TSB about the debt, but due to her circumstances she was unable to agree a plan to repay the debt at that time. TSB stopped adding any interest to Miss K's outstanding balance in September 2021.

In November 2021 TSB wrote to Miss K to say she needed to repay the overdrawn balance, or her account would be suspended. As a result of this letter Miss K got back in touch with TSB to discuss a way forward. TSB took details of her income and expenditure at that time and determined that she didn't have any surplus income with which to repay the debt. So, TSB said it would need to pass Miss K's account to its recoveries department, which would mean a default would be recorded on Miss K's credit file.

Miss K asked for more time to see if she could repay the debt, and TSB agreed to put a hold on her account for 30 days. TSB's notes state that it told Miss K she should call back if her situation improved. When Miss K didn't get back in touch with TSB or repay the debt within the 30 days, TSB sent another letter stating that it would be defaulting the account if the debt was not repaid within 12 days. When the debt was not repaid within that time frame, the account was defaulted and passed to a debt collection agency.

Miss K was unhappy that her account had been defaulted and complained to TSB, she says she didn't get the letter in December giving her 12 days to repay the debt, and she feels TSB should have tried other ways of contacting her to see if she could now repay the overdrawn balance. Miss K wants the default removed and for TSB to agree a repayment plan with her.

TSB looked at Miss K's complaint, it felt that it had acted reasonably. Miss K remained unhappy, so she referred her complaint to us.

One of our adjudicators looked into Miss K's concerns, she felt that TSB hadn't acted unfairly in how it defaulted Miss K's account. Miss K 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.

Miss K feels she could have avoided the default on her account if TSB had taken steps to contact her by phone or email rather than simply writing to her in December 2021 as she says she didn't receive that letter. But the December 2021 letter was sent to the same address as all the other letters that TSB sent to Miss K and that she did receive. And the majority of post is delivered correctly. So short of any industrial action or other issue which

might have caused the letter to be undelivered – and I’m not aware of any relevant issues such as that here – I think it’s more likely than not that Miss K did receive the letter in December 2021.

But in any case, Miss K has said that what she wants TSB to do now is to arrange a repayment plan with her. So it seems that she is still unable to repay the outstanding debt in full, and to me that suggests that even if TSB had contacted her by phone or email in December 2021 she would not have been able to repay the debt in full at that time and so would not have been able to avoid the default.

And given that TSB had carried out several reviews of Miss K’s income and expenditure which suggested she could not afford to repay the debt, that the account had been in an overdrawn position for an extended period of time, and that Miss K has still not been able to repay the outstanding balance, I think that the default is an accurate representation of Miss K’s financial position regarding this account.

With all this in mind, I think TSB acted fairly in defaulting Miss K’s account how and when it did. So I won’t be asking it to remove the default from Miss K’s credit file.

I appreciate that this will be very disappointing for Miss K, 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.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss K to accept or reject my decision before 2 June 2022.

Sophie Mitchell
Ombudsman