

The complaint

Mr H complains that TSB Bank plc (TSB) continues to report incorrect information to credit reference agencies.

What happened

Mr H has two accounts, a credit card and a current account, with TSB which are both included in a Debt Arrangement Scheme (DAS). Mr H says that TSB has not been recording information correctly about these with credit reference agencies (CRA).

Mr H noticed the accounts were both showing as being six or more months in arrears on his credit report and this was having a negative impact on his credit score. He complained to TSB saying it wasn't correct as he had been making all payments on time under the DAS.

TSB upheld his complaint, they said they had been incorrectly reporting that the accounts were six or more months in arrears and not shown they were included in a DAS, but they would now update this. They went on to say they could confirm they had removed the missed payments and arrears from 2018. They said this could take up to six weeks to be reflected in his credit file, they also paid Mr H £100 to apologise for the error.

Mr H brought his complaint to this service – he told us that TSB had written to him asking him to pay the overdraft on his current account and this is in breach of the terms of DAS. He also said his credit file was still showing late payments for both accounts.

Our investigator partially upheld Mr H's complaint. In summary she said:

- TSB had a duty to report true and accurate information to the credit reference agencies and even though MR H had maintained his payments under the DAS, the arrears it was reporting were in relation to his original agreement with TSB and so she felt this was fair.
- She felt TSB had given Mr H incorrect information when they said they would remove the arrears from 2018.
- TSB shouldn't have been contacting Mr H outside of the DAS asking for payment.
- She recommended TSB increase its compensation payment by £150 to a total of £250.

TSB agreed to the recommendation.

Mr H didn't agree and responded saying that TSB had now recorded a default on his current account. He also didn't agree that TSB was reporting the late payments correctly.

The investigator asked TSB about this, they looked into things and told us that this had been done in error in September 2021 and provided evidence to show it had been corrected.

The investigator shared this information with Mr H and said her opinion hadn't changed regarding the rest of the case. Mr H disagreed, he believes he has been treated poorly by TSB and they should not be reporting late payments, he would like them to accept 80% of the debt owed to settle the accounts, as a way to resolve matters.

The matter has now been passed to me to decide.

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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. However, I've given careful consideration to all of the submissions made before arriving at my decision. This isn't intended as a discourtesy to either party, but merely to reflect my role in deciding what a fair and reasonable outcome is.

Having done so I have to tell Mr H that I have reached the same outcome as the investigator and for broadly the same reasons, I'll explain.

Financial businesses have a duty to report a true and accurate reflection of accounts to CRAs. It's accepted by both parties that TSB hadn't been reflecting the DAS was in place in their reporting Mr H's information to CRAs, and that it incorrectly recorded a default against him.

Still in dispute is if TSB is fairly reporting late payments on the accounts. I've considered this and I think they are. I say this because Mr A entered into a DAS in 2014, but his TSB accounts were not part of the DAS until 2018. When the TSB accounts were included in the DAS they were already in arrears and so TSB would have been reporting this to his credit file. But from the point they were part of an arrangement TSB needed to include the arrangement information in their reporting, it was this that they didn't do. However, that doesn't mean that they should have reported his accounts were up to date as that's not a true and accurate reflection. TSB needed to report Mr H was behind with payments to the accounts, but he now had an arrangement to pay. They have provided evidence to show they are reporting in this way now, and I'm satisfied this is fair.

TSB wrote to Mr H asking him to make payments on his accounts, it's clear it shouldn't have done this as it is a condition that it is bound by under the DAS. I can understand why Mr H would have found this upsetting as he felt while he was adhering to the terms of the DAS, TSB were disregarding them.

I've thought about what Mr H has told us about the errors TSB made on the reporting having a negative impact on his credit file, I have also taken into account that Mr H's credit file would have been impacted by the existence of the DAS. This is because by the very nature of it the DAS is in place to help him payback creditors he owes where he hasn't been able to maintain payments under the original credit agreements. So, I consider that although there was an impact the detriment isn't the same as it would have been had Mr H not been in a DAS. That being said I do think TSB could have acted quicker to correct their errors. I also think they should have been clearer with him when explaining what would be reported on his credit file as I think this confusion has added to the stress Mr H has felt about his credit file. Taking everything into account I feel that £250 is a fair amount to compensate him for this.

I understand Mr H's strength of feeling about how TSB reports information to his credit file and know he will be disappointed with this outcome. But my decision ends what we - in trying to resolve his dispute with TSB can do for him.

Putting things right

TSB should pay Mr H £250 for the upset and distress their errors have caused him. They should deduct any amount they have already paid to him.

My final decision

For the reasons set out above, my final decision is that I uphold Mr H's complaint about TSB Bank plc. And I now require it to put things right for Mr H as laid out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 October 2022.

Amber Mortimer
Ombudsman