

The complaint

Mrs M complains TSB Bank plc have taken the following actions regarding a credit card debt she has with them:

- Didn't contact her at her new address
- Defaulted her account unfairly given the amount owing
- Passed the debt over to three different debt collection agents
- Was unhappy with how her concerns about the account were dealt with

What happened

In February 2021 Mrs M's credit card account with TSB was closed and they registered a default with the credit reference agencies (CRA's). I understand Mrs M became aware of this when a debt collector got in touch with her in November 2021. As a result of this, she complained to TSB.

In summary TSB said:

- They wrote to the address they had on file and couldn't see she'd told them about the new address.
- They'd acted correctly by defaulting the account, as she'd not made payments to the account as expected.
- The terms and conditions of her account allowed them to ask debt collectors to try and get in touch with her.
- When Mrs M raised these concerns TSB felt she was passed around a lot – so they paid her £50 for this.

As TSB didn't uphold her complaint overall, Mrs M asked us to look into things. One of our Investigators did so. Ultimately, she felt TSB had tried to help Mrs M, but said the default should have been applied in August 2020 – rather than February 2021.

TSB accepted this outcome, but Mrs M didn't, saying:

- Is there a way of her credit file issue being resolved as a default affects her for six years which is very serious and has really impacted her
- She's sure she phoned them in 2021 checking all her contact details were up to date
- They put this debt out to three agencies which given the amount owing is a step too far
- The outstanding balance needs to be agreed

Overall she said she'd like compensation as she thinks TSB's actions were brutal and it's like she owed them millions. As Mrs M didn't agree, the case has 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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mrs M's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Didn't contact her at her new address

Mrs M says she changed her address around mid-2020 and says she's sure she told TSB this. In her submissions to TSB, it seems they were left with the impression she'd been into the branch to change her address. In her submissions to us, she's said she is sure she'd have changed her address over the phone.

Either way, when Mrs M has been asked for more details regarding when she contacted TSB about the address change, she's not been able to provide a clear recollection of when and how she did this. Mrs M has also said she was getting her post redirected.

Memories can and do fade, so I don't find it particularly unusual and draw no automatic negative inferences from Mrs M not being able to be crystal clear about what happened. But TSB have said they have no record of Mrs M changing her address with them which is supported by their notes showing no record of any attempted address change.

Where information is incomplete or contradictory, as things are here, then I have to decide what I think is more likely than not, taking into account the information I do have.

I can't see any reason why TSB wouldn't have updated Mrs M's address on their system if she'd contacted them as she said, unless they'd made an error. But, even allowing for an error, I'd still usually expect some kind of footprint to have been left – but there isn't a record of any attempt in mid-2020. Nor is there any record of Mrs M's attempt in 2021 where she's said she contacted them to make sure her address was up to date. So, given that, I think it's more likely than not Mrs M didn't update her address with TSB.

In addition, I can't ignore that she's said she had a redirection service for her post – this would suggest anything TSB did send during this time would still have been received by her.

Ultimately though, I need to assess TSB's actions, and here I find it's more likely than not they haven't made a mistake.

Defaulted her account unfairly given the amount owing

I've noted Mrs M's concerns about the default process and her comments that their actions are like she owes them millions.

I need to make it clear to Mrs M TSB are allowed to do this for effectively any amount outstanding – as long as they've followed the correct processes. So, what I need to decide is whether I think TSB have acted fairly, and followed the correct processes, for defaulting Mrs M's account.

Here, I can see Mrs M's financial difficulties started towards the end of 2019 where she wasn't able to make payments leading to her going over her credit limit of £2,900. In February 2020 she called TSB, who refunded fees and charges which brought her account back under this limit.

I've seen Mrs M raised concerns about TSB helping her, but I think they have by refunding these amounts at this time. I can also see TSB asked about putting in place a repayment plan to support her, but she didn't want to go ahead with that. Instead, she agreed she'd repay £100 in February 2020, and then the remainder of February 2020's minimum payment, along with all of March 2020's minimum payment – in March 2020. Again, I think TSB allowing this delayed payment was an attempt to help her.

Mrs M's statement dated 1 April 2020 shows these payments were never made. The statement also shows the minimum payment now due is £463.81 which includes missed payments.

In April, May and July 2020 £100 payments were made. But, in the August 2020 the minimum payment was now £473.99 – having stayed at over £400 since February 2020.

So, by not making the minimum payments Mrs M was technically in default of the agreement she held with TSB – as she was required to make the minimum payments each month.

As a result of that, TSB could have defaulted Mrs M's account at this point. Clearly Mrs M was going through a difficult time, and TSB were attempting to support her by refunding payments in February 2020, delaying the acceptance of payments and offering to review her income and expenditure to see what they could do to help.

After this time, with Mrs M not making the agreed payments, TSB kept trying to contact her to discuss the account. But, they weren't able to reach her on the phone number they had for her, nor were they getting any responses to their letters.

At this time, Mrs M did know her account was over its agreed credit limit and had agreed to repay it, but she didn't do so.

By January 2021, as Mrs M hadn't been in contact for some time, TSB started their recovery procedures.

This included a letter dated 1 January 2021 saying if Mrs M doesn't repay £436.39 by 19 January 2021, then her account may be closed and a default be recorded.

On 23 January 2021 with no payment being received TSB sent a formal demand for the full outstanding balance and explained if Mrs M didn't make this repayment they'd report a default to the CRA's. They also explained the CRA's keep this information on record for six years.

As the balance wasn't paid off, Mrs M's account was then defaulted and reported to the CRA's in February 2021.

As I explained earlier, I need to be satisfied TSB have acted correctly. Given they'd told Mrs M what was needed in February 2020, but no payments were received, I think they have acted fairly in recording a default. They've sent Mrs M the relevant notices warning her of what would happen – and as I've explained above I don't think it's TSB's fault if these weren't received by Mrs M.

So, I think they were right to default Mrs M's account – and that means I won't be telling them to remove the default itself. I do though think they should have recorded it earlier.

The general guidance is that lenders such as TSB can record a default once someone is behind on their repayments by around three months and should have done so once they're behind by around six months.

Here, the default wasn't registered until February 2021. But, as I've set out above, I think it was clear Mrs M hadn't kept to the agreement proposals agreed in February 2020. This would have been clear by the payments Mrs M had said she was going to make not being received by March 2020. TSB made further attempts to contact Mrs M after this, but these weren't successful.

Our Investigator said TSB should backdate the date of the default to August 2020 – six months after the conversation in February 2020. Here, as Mrs M hadn't made repayments she'd agreed to and they hadn't heard from her, I think allowing the maximum of six months is a fair way to resolve matters.

So, I'll require TSB to update the date of the default to 21 August 2020 – exactly six months after the February 2020 conversation. They'll also need to remove any interest or charges that wouldn't have been applied in the account had been defaulted at this time. Following this, TSB should write out to Mrs M to let her know what the outstanding balance is now.

Passed the debt over to three different debt collection agents

Mrs M's concerns here are that she thinks it's unreasonable of TSB to have passed her debt over to three different debt collectors.

TSB have explained they couldn't get in touch with Mrs M, and none of the debt collectors overlapped – so it was only one debt collector at a time trying to get in touch with her.

Ultimately TSB are allowed to ask another party to collect a debt on their behalf – this is set out in the terms and conditions of Mrs M's account. And, I'd say it's their commercial judgement about how many different parties to ask to contact one of their customers.

I'd have a concern if TSB asked multiple debt collectors to get in touch with Mrs M at the same time – but even then, it'd only be if they were all successfully making contact with her, which might feel like harassment.

But it was only the last debt collector who seems to have successfully made contact – as it was their contact in November 2021 which prompted Mrs M's complaint.

So, as TSB are allowed to ask a debt collector to trace Mrs M, and I've seen nothing to suggest multiple people were trying or in contact with Mrs M at the same time – I don't think TSB have done anything wrong here.

Was unhappy with how her concerns about the account were dealt with

Mrs M raised a number of concerns to TSB about the actions of their staff when she was trying to dispute the debt.

TSB have accepted they could have done more to help her, so awarded her £50.

I think for this issue that's a fair way to resolve matters – as everyone will experience some inconvenience to a degree when raising a complaint.

Putting things right

I've seen Mrs M has also asked for compensation for TSB's actions in not updating her address, recording a default, and having three debt collectors contact her.

I've set out above my thoughts on those issues – of which I'm only partially upholding the reporting of the default. Mrs M's comments make it clear the distress she feels about the default is about the actual recording of it – rather than when it was recorded. She's not raised any concerns or said she's been caused any distress because TSB didn't record the default earlier – and since I've found TSB have acted fairly in recording the default, it follows I don't think TSB have done anything wrong leading to the distress Mrs M has explained to us.

Overall then, to put matters right I only require TSB to backdate the default, remove any interest or charges that otherwise wouldn't have been applied and write out to Mrs M to confirm the outstanding balance.

My final decision

I partially uphold this complaint and require TSB Bank plc to backdate the default recorded against Mrs M's credit card to 21 August 2020, remove any interest and charges applied after this date, and write out to Mrs M to confirm the outstanding balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 10 January 2023.

Jon Pearce
Ombudsman