

The complaint

Ms D complains that TSB Bank plc unfairly registered a default with the Credit Reference Agencies (CRA's) even though they were sending post to an old address.

What happened

Ms D says she was contacted by a third party debt management company (DMC) in January 2022, to say her TSB account had been passed to them and there had been a default registered. She says she tried to contact TSB about this, but she didn't have any success. She says she told the DMC she had not received any correspondence regarding the account from TSB and she believed the account was up to date and within the arranged overdraft limit. Ms D says she had been having trouble receiving her mail and she had visited a branch two years earlier to change her address. She said she doesn't have access to online banking as she's had issues with passwords in the past. She says she tried to pay the outstanding balance in full and asked for the default to be removed from her credit file. Her account was then passed to another DMC. Ms D made a complaint to TSB. She said this is affecting her ability to get a mortgage and move house, which she needs to do because of health issues.

TSB said they spoke to Ms D about her complaint and this was agreed to be closed. They said they asked her when the postal issues started and she said the last three months, so they advised her that although they could see she had been making payments to maintain the account and cover interest, she stopped at the time and this is when the account went into arrears. They said they told her this was before the postal issues and they had sent a number of letters in July. TSB said they explained to her that they had wrote to her a number of times and as she didn't repay the arrears, they had removed the overdraft facility and then asked for it to be repaid, but as it wasn't repaid, they defaulted the account. TSB said they told Ms D that they had to report accurately and factually what had happened on the account and they couldn't make allowances or remove details as a gesture of goodwill, which Ms D accepted this. Ms D brought her complaint to our service.

Our investigator upheld Ms D's complaint in part. She said Ms D's account entered an unarranged overdraft which resulted in TSB removing Ms D's overdraft in September 2021 due to non-payment. A default was applied, and her account was sent to their recoveries department in December 2021 and then transferred to a DMC in June 2022. She said TSB wrote to Ms D in July, September, November and December 2021 about the unarranged overdraft limit and the letters were sent to the same address we hold for Ms D. Our investigator said that Ms D received a letter from TSB showing two street names, which they accept this, but they are unclear how or when the additional address line was added. Whilst our investigator didn't believe this had any impact on the arrears/default notices being received, she said TSB should pay her £50 for the inconvenience of this. Ms D asked for an Ombudsman to review her complaint.

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.

Ms D has made a number of points to this service and I've considered and read everything she's said and sent us. This includes the detailed information about her health during this timeframe and the effect the default has on her health moving forward. While I won't document these personal details in this decision, I can assure her I have read everything she's said about this and I wish her luck with her health moving forward. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I want to be clear that I'll only be able to address the actions of TSB as part of this complaint and not against the two third party DMC's that Ms D spoke to. But she may be able to make a complaint about anything they have done which she is dissatisfied with directly to those companies.

The default

A default can only be registered when a customer has been in arrears for at least three months. Being in an unarranged overdraft would count as being in arrears. Looking at her bank statement, Ms D often exceeded her arranged overdraft in 2021, but she often paid money into the account within the month to ensure she went back into her arranged overdraft. But in July 2021, when she entered an unarranged overdraft (which TSB sent notification about this to her correct registered address), she did not make another payment to her account until November 2021. So she had been in arrears for four months.

But on 3 September 2021, TSB wrote to Ms D at her registered address to inform her that they were removing her overdraft. This letter was not sent with two street names included and it was sent to the same address that she has provided to our service. They sent a follow up letter on 23 September 2021, again to Ms D's registered address to inform her that she must pay them the full amount that she owed them. The letter stated that if she was unable to pay in full then they may be able to accept reduced payments or other realistic proposals.

A notice of default was issued to Ms D on 12 November 2021. I know Ms D says that she did not receive any of these letters that TSB sent her, but the address on the letters match up to what she's told us her address is, and I'm satisfied that TSB did send these letters. And I wouldn't be able to hold TSB responsible for any issues with the postal system as this would be outside of their control.

The notice of default was followed up by another letter which TSB sent to Ms D. This letter was dated 4 December 2021. This letter was addressed to her registered address also and told her that to avoid further action she must repay the full amount straightaway. It also says that *"If you don't repay the full amount you owe within 12 days of the date of this letter, and we have not heard from you, we will take further action by transferring your account to a Debt Collection Agency."*

I'm satisfied that the relevant letters were sent to Ms D's correct registered address and as Ms D did not take the relevant action between July, when the account first went into a unarranged overdraft, to when the account defaulted that TSB were fair to register the default as they have a duty of care to accurately report the factual information about the account to the CRA's. My understanding is that Ms D has still not repaid the amount owed and it would not be proportionate to ask TSB to remove the default when they have made no error in registering this. Her payments to the DMC should be reflected on her credit file. If they are not, then she would need to take this up with the DMC.

Incorrect address

At some point after the last letter about the default had been issued on 4 December 2021, an incorrect address line was added to Ms D's address on TSB's systems. It is not known with certainty how this occurred. TSB believe the system must have pulled through a line from her previous address when this transferred to another system. But while this did not affect the default, it would have caused Ms D distress when she did see saw another line of the address which wasn't accurate at the time she received post from TSB. I say this as the account had already defaulted and she says that she didn't receive the post about the unarranged overdraft/notice of default etc.

So if Ms D genuinely didn't receive this post, then she may be under the impression that she hadn't received this post due to address inaccuracies, although this would not be true as all of the arrears/default letters had her correct address showing. As one line of the address which was incorrect had been passed over to the DMC's, this also would have had an impact on her when she had to inform them the information they had about her was incorrect.

I asked TSB about the potential General Data Protection Regulation (GDPR) impact on what happened, and they told me that an investigation had already been carried out on this issue and the findings were that the adjudication clarified that there was "*not much detriment*". I agree that there wasn't much detriment here. I say this as there is no evidence that letters have been sent to a different address to Ms D's address and given that the rest of the address was correct was accurate, including the first line of the address and postcode, then it would be very unlikely for this to go to the wrong address, even with the incorrect address line which was included in their letter. I've also looked at TSB's system notes and there were no items returned to them either during the events which occurred here.

I do think that TSB should put things right here. They have confirmed that the address has been changed now on their system. Our investigator recommended that TSB should pay Ms D £50 compensation for this issue and I'm persuaded that this is fair. I say this as this did not affect the default, but it would have caused distress to Ms D. The impact is reduced as the correct postcode and the correct line of her address was included with this and Ms D has sent us a letter containing the error. So this proves she still managed to receive post from TSB even though it contained an error. But this doesn't mean to say this issue had no impact on her. And the fact remains that TSB passed incorrect information about her address to third party companies which she would suffer unnecessary inconvenience in correcting the DMC's with the correct address. So it follows that TSB should put things right for Ms D.

Putting things right

Our investigator has suggested that TSB pays Ms D £50 compensation which I think is reasonable in the circumstances for the reasons I've already given.

My final decision

I uphold this complaint in part. TSB Bank plc should pay Ms D £50 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 13 April 2023.

Gregory Sloanes
Ombudsman