

The complaint

Miss A complains that TSB Bank plc failed to return a balance transfer she made to her credit card with it.

What happened

On 8 September 2021, Miss A asked a credit card provider, M, to carry out a balance transfer to her card with TSB. M agreed and sent £3,743.93 to her TSB account, debiting her account with it. But the balance transfer put Miss A's TSB account in credit by the same sum which is against the terms and conditions of that account. Miss A asked TSB to return the money to M, so it processed a refund on 11 October 2022. But while the money has left her TSB account, it hasn't turned up on her account with M. Miss A complained to TSB.

TSB looked into Miss A's complaint. It said it had returned the money using the account details it had for M so Miss A should trace the payment herself. Miss A tried to trace it through M but was passed back and forth between M and TSB.

Unhappy with that, Miss A referred her complaint to us. One of our investigator's looked into the complaint. She felt TSB had provided evidence that it had returned the money to M, so it had done nothing wrong. She directed Miss A back to M to get it to trace the funds.

Miss A was unhappy with the resolution proposed by our investigator. As there was no agreement, the complaint has been passed to me for a decision. I reached a different conclusion from that of our investigator and issued my provisional decision on 9 February 2023. I concluded that TSB had sent the money to M incorrectly and needed to put things right for Miss A. I said it should send £3,743.93 to her credit card using the details on her statement and pay her £300. I said TSB should sort things out with M itself.

Miss A accepted what I said, but TSB didn't. It provided more information regarding several transactions to and from Miss A's credit card with it. From July to September 2021, there had been several balance transfers and refunds between Miss A's accounts with TSB, M and other banks, one of which I'll refer to as H as it is involved in the confusion. Miss A has provided statements of her account with H. The transactions involving TSB and two other banks appear to have gone smoothly and aren't currently involved in this dispute.

The new evidence from TSB has led me to change my mind on the outcome of this 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.

I issued my provisional decision on this complaint. I said:

"I've carefully reviewed the statements of Miss A's accounts with TSB, M and H. I can see that Miss A's TSB statement dated Sunday 25 July 2021 (showing transactions up to

22 July 2021), had a balance outstanding of approximately £3,700. Having done so I can see the following:

- On 18 July 2021, Miss A made a balance transfer from H to TSB for £3,743.93 which was credited to her account with TSB on 23 July 2021 clearing the balance.
- She also made a balance transfer for the same amount from another bank which arrived with TSB on 26 July 2021. This led to a credit balance on her TSB account, so this was refunded to Miss A's bank account on 2 August 2021.

At this stage, Miss A's TSB account had a nil balance.

- On 30 August 2021, H reversed the balance transfer and asked TSB for a refund. The money was applied to Miss A's account with H on the same day. This cleared her account with H.

TSB didn't process the refund immediately.

- Miss A was concerned that the refund would leave her account with TSB in debit, so on 8 September 2021, arranged a balance transfer from M.
- As TSB hadn't yet processed the refund to H, the transfer from M put the TSB account in credit.

To recap, at this stage Miss A's account with H was clear as a result of H reversing the balance transfer pending a refund from TSB. The account with TSB had a credit balance and Miss A owed the money on her account with M.

- On 11 October 2021, TSB finally refunded the money to H. This cleared the credit balance on the TSB account.

So the net effect of the transactions set out above is that the TSB to H transactions have cancelled each other out, leaving Miss A with a balance to pay to MBNA. As she had been seeking to clear the TSB account with a balance transfer, she seems to be in the position she planned, albeit perhaps with a different account than she'd expected. She was left owing the same amount of money, but on a promotional rate basis.

For this reason, I no longer think it would be fair or reasonable for TSB to credit £3,743.93 to Miss A's account with M. But I do think TSB could have done a lot more to assist Miss A in understanding what had happened. It caused the original confusion by taking so long to process the refund to H. And it was wrong to advise Miss A to chase up the refund with M – it had never been made to M and TSB was best placed to understand and explain that.

Furthermore, throughout its investigation of Miss A's complaint and during our involvement until my previous decision, it failed to properly look into the transactions and identify what has gone on. This has meant the situation has dragged on for over 18 months and caused Miss A confusion and distress, which I think TSB should compensate her for. I think TSB should pay Miss A £300 in recognition of the distress it has caused her."

TSB has accepted my provisional decision, but Miss A hasn't replied. That being so, I see no reason to depart from my provisional decision.

My final decision

I uphold this complaint. TSB Bank plc should pay Miss A £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 18 April 2023.

Richard Hale
Ombudsman