

## **The complaint**

Mr G is unhappy that TSB Bank plc defaulted an account he believed had been closed several years ago.

## **What happened**

In September 2009, Mr G withdrew the money remaining in his TSB account and opened a new account with another provider. Recently, Mr G discovered that TSB had reported a default to his credit file dated January 2019 regarding his old TSB account. Mr G wasn't happy about this, so he raised a complaint.

TSB explained to Mr G that his account had never been closed and had held an overdrawn balance which had increased with the interest and charges that had accrued monthly. Mr G wasn't satisfied with TSB's response, so he referred his complaint to this service.

One of our investigators looked at this complaint and liaised with Mr G and TSB. During our investigator's review, TSB changed their position on this complaint. They said that, while they felt that a balance on the account was correct, the absence of account activity from Mr G should have been recognised by them sooner, which should have led to the default being recorded against Mr G at an earlier date.

Because of this, TSB offered to backdate the date of default to January 2010 and refund the interest accrued on the account from that date. But TSB felt that Mr G should be considered liable to repay the balance outstanding on the account following the interest reimbursement. Our investigator felt TSB's offer represented a fair resolution to what had happened. Mr G didn't agree, and so the matter was escalated 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.

Mr G has explained that he withdrew the remaining balance from his TSB account in September 2009, leaving the account with a zero balance. But the account statements provided by TSB clearly show that this wasn't the case. Instead, the statements show that when Mr G stopped using the account in 2009, his final transaction was a debit of £100 on 1 September 2009 which left the account £61.61 overdrawn.

I'm therefore satisfied that Mr G's statement that he left the TSB account with a zero balance is incorrect. Additionally, Mr G appears to not have closed his TSB account or indeed planned to have closed it, but instead intended to leave the balance at zero and then stop using the account. But because the account wasn't closed – and indeed, couldn't have been closed because of the outstanding balance on it – Mr G remained responsible, as the account holder, for monitoring the account and being aware of any balance outstanding.

Accordingly, because Mr G left an outstanding balance on the account which incurred charges and interest legitimately as per the terms of the account, I feel it's fair that Mr G

should be considered liable for the balance that accrued on the TSB account.

However, it's also apparent that from 1 September 2009, Mr G didn't use the account. And the only activity on the account after this date were charges and interest which continued to accrue on the overdrawn balance, which continued to grow with each passing month. And while it was Mr G's responsibility to have been aware of the balance of the account, I also feel that TSB should reasonably have recognised, from the sudden absence of account activity, that the account had been abandoned by Mr G.

TSB did eventually recognise this point, and they defaulted the account for the non-payment of the outstanding balance accordingly. But I agree with the position put forwards by TSB to our investigator that TSB should reasonably have recognised that Mr G had abandoned the account sooner. This would have meant they should have begun their collections and recovery process sooner, which would have resulted in an earlier defaulting of the account.

TSB have offered to backdate the defaulting of Mr G's account to January 2010 – when they feel the account abandonment should have been recognised – and to refund the interest and charges that have accrued on the account since that date.

TSB's offer here feels fair to me, and it means TSB will only consider Mr G liable to pay the balance he left present on the account when he abandoned it as well as the charges and interest that accrued on the account between September 2009 and January 2010 – which I feel were accrued fairly on the account given that I wouldn't expect TSB to have recognised the account abandonment by Mr G before January 2010.

Finally, Mr G has questioned whether his debt with TSB is legally enforceable. But it's not for this service to decide whether a debt is legally enforceable. Only a Court of Law can decide this. Instead, my role is to decide whether I feel the actions of TSB are fair. And in this instance, for the reasons I've explained above, I feel the offer to resolve this matter put forwards by TSB does represent a fair outcome here. And so, I'll be upholding this complaint against TSB on that basis only.

### **Putting things right**

TSB must reimburse all interest and charges incurred or accrued on the account from January 2010 onwards.

TSB must also backdate the date of the default to January 2010.

### **My final decision**

My final decision is that I uphold this complaint against TSB Bank plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 September 2023.

Paul Cooper  
**Ombudsman**