

The complaint

Mrs B complains that TSB Bank plc input incorrect data to her credit reference in respect of her credit card and current account and wouldn't correct this when brought to its attention.

What happened

Mrs B's TSB credit card and current account were accepted as part of a debt arrangement scheme (the scheme) in August 2015, but she said TSB failed to apply a default date, and the accounts showed in her credit file as active with six plus months' late payments. She said other creditors applied correct default dates in 2015 and no longer showed on her credit file. She asked TSB to backdate the defaults to August 2015 and remove late payments, so all her debts were treated in line with the scheme. Mrs B settled the scheme in August 2022.

Mrs B complained to TSB. TSB said it had confirmed Mrs B's scheme in May 2017 after accepting a proposal in June 2015 which stated it would start in August 2015. TSB said it couldn't explain why it hadn't taken its usual actions and both her accounts remained open. It said it hadn't received anything from the Insolvency Practitioner to confirm the scheme's completion in August 2022 to enable the remaining balances to be written off, but in the meantime it would ensure the correct information was put on her credit file.

TSB said with the scheme completion certificate it would record Mrs B's accounts as partially settled in accordance with the scheme. It said this can take up to eight weeks to show on her credit file. TSB apologised for its poor service had caused and paid her £450 compensation. TSB invited Mrs B to submit any expenses she had incurred in dealing with the issue.

Mrs B said this issue caused her considerable distress and prevented her applying for credit. She said she's paid monthly charges to monitor her credit file, plus phone costs. As Mrs B wasn't happy with TSB's response she referred her complaint to our service. Mrs B wants an apology from TSB for breaking promises to put the error right and for claiming that she was told it could take up to nine months when she wasn't informed of this.

Our investigator initially said the £450 compensation from TSB was fair, but recommended it pay a further £100 as it hadn't said how long it would take to update records and the delays caused Mrs B further problems. He said there are free credit reference reports available.

TSB disagreed as it couldn't see how Mrs B not being informed of the time it may take to amend a credit file was relevant when the write off didn't take this long. It said confirmation of completion was received on 21 September, and the scheme discharge was completed on 15 November 2022. TSB said its letter to Mrs B confirmed that her credit file had already been amended and so by 15 November 2022 the credit file and scheme were correct.

The investigator looked again and said there was no evidence TSB told her it could take nine months to amend her credit file and so it shouldn't have to pay any more. He said evidence showed that the account was partially settled in August 2022 and TSB completed the discharge on 15 November 2022, whereas Mrs B's credit issue was in February 2023.

The investigator said the credit reference agency website explains the scheme will show for a minimum of six years and depends on the start time - Mrs B's completed in August 2022

and although the default won't show as this is over six years ago, the file shows she's been in a plan until recently as TSB has to report each payment and they remain for six years.

Mrs B still didn't feel her credit record had been corrected and requested an ombudsman review her complaint. She thought the TSB accounts should have been marked as 'defaulted accounts' but instead they were showing as live accounts. She said had TSB investigated without delay it would have been identified that the accounts had actually defaulted and if that had been corrected a backdated default date would have been applied from 2015.

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.

In August 2015, Mrs B's indebted accounts were accepted as part of a debt arrangement scheme. However, despite her request TSB failed to include her credit card and current account in the arrangement. This meant that long after the scheme was under way, both accounts were described as active. Mrs B complained about this and said her credit file showed her TSB accounts with six months' late payments.

TSB has apologised to Mrs B for its error in not recording her accounts as part of the debt scheme in 2015, or with the Insolvency Practitioner. I am pleased for Mrs B that she completed the debt scheme last year. I can see that Mrs B believes that as her accounts weren't shown as defaulted they were retained as live and therefore retained as adverse records for longer than necessary. And she thinks TSB has still not corrected her credit file.

I have looked at the credit reference information held about Mrs B. She says the accounts are only marked as settled and still show late payments as the correct default date hasn't been applied. In accordance with the debt scheme, TSB doesn't record accounts as in default, as it explained in its call with her. However, from what I have seen TSB has reported Mrs B's data correctly to the credit reference agencies and changed the original information to show her accounts were in the debt scheme from 2015.

The credit reference information shows that TSB has now correctly reported Mrs B's accounts as in debt scheme from 2015, discharged in 2022 as partially settled. In common with normal practice, evidence of the debt scheme remains on her credit file for a minimum of six years and on average for around six and a half years.

TSB is correct to say that it doesn't have control over how this is recorded by the credit reference agencies. Given that a default can take over six years to be removed from credit records, I don't think the classification would have made a difference. However, I hope Mrs B has now seen the corrected credit reference report that shows her accounts properly recorded. In summary, TSB has sent information to all of the credit reference agencies to advise that Mrs B's debt scheme ran from 2015, until August 2022. I'm satisfied TSB has recorded Mrs B's credit information accurately.

Mrs B has told us she had made numerous additional follow up calls and incurred further costs. TSB has invited her to submit evidence of additional costs incurred as a direct consequence of its error and I think that's the best approach to resolving this issue. In terms of Mrs B being declined a contract due to poor credit, we haven't seen any evidence of this within the relevant period and so I can't require TSB to take any action.

I can see from the call records that Mrs B was becoming increasingly frustrated at the slow pace of TSB's remediation of her credit reference. However, TSB did amend Mrs B's credit records and I think the £450 compensation it has paid her adequately reflects the impact of its errors and delay and the consequential distress and inconvenience its poor service has caused her.

I agree with the investigator that all of the issues brought by Mrs B as part of her complaint were covered in the initial complaint in respect of which TSB paid her £450 compensation. I think this award is fair and is consistent with awards we have seen in similar circumstances.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 26 December 2023.

Andrew Fraser
Ombudsman