

## **The complaint**

Mr and Mrs F complain that TSB Bank plc (TSB) applied a missed payment marker to their credit file when they failed to make their June 2023 mortgage repayment on time.

## **What happened**

Mr and Mrs F had a mortgage with TSB. In January 2022 they had re-mortgaged with TSB through a broker electing a monthly payment date of the 28<sup>th</sup> and as such they set up a direct debit (DD) for that day.

At that time Mr F was paid on the 20<sup>th</sup> of each month, but in 2022 his employer moved his salary payment date to the 29<sup>th</sup>. Mr and Mrs F asked if they could move the payment date but although that was possible, it would have resulted in an additional expense for them.

On Wednesday 28 June 2023, TSB were unable to collect Mr and Mrs F's DD. On 30 June TSB wrote to Mr and Mrs F advising that the monthly mortgage payment had not been collected due to insufficient funds. They were advised that another attempt would be made to take the payment 10 days after the scheduled payment, and that if payment was not made by the end of the month in which it was due, then that fact would be reported to the credit reference agencies (CRAs). A telephone number was provided for Mr and Mrs F to call if they wanted help which was open 7 days a week from 8am to 8pm.

On Monday 3 July Mrs F rang TSB to explain that there had been an unrecognised transaction on their account and that money taken had only just been returned that day. Mrs F said she would be making the mortgage payment that day. Mr and Mrs F believe TSB have acted unfairly as those customers who make payments at the end of the month are disadvantaged in comparison to those who make payments earlier in the month. That is because there is more time to correct any missed payments, and avoid any reporting to the CRAs.

TSB say that as the June payment hadn't been made during June it reported a missed payment to the CRAs, as that was factually correct and in line with the terms and conditions of the mortgage.

Mr and Mrs F were unhappy with TSB's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that TSB hadn't done anything wrong and had dealt with the complaint fairly. Mr and Mrs F didn't agree and asked for the complaint to be passed 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.

I know the parties have provided a lot more detail than set out in my summary, but I have focussed on what I see as the key issues, because it reflects the nature of our service. We are an informal dispute resolution service and an alternative to taking Court action. So, if I've not mentioned something then this isn't because I've ignored it, it's simply because I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The accepted facts are that Mr and Mrs F's June 2023 mortgage payment was not paid in June. It was paid on 3 July. The payment date had been set to the 28<sup>th</sup> of the month at their request. The terms and conditions of their mortgage provide that they must make their monthly payments in full each and every month, and on time. Mrs F has accepted that the reason she gave to TSB for there being insufficient funds in the account was untrue and was something she said out of embarrassment.

Mr and Mrs F have not challenged the principle that lenders have a duty to report what happens on a mortgage account accurately and factually.

In her complaint to this service Mrs F said that the missed payment occurred on a Friday but that is incorrect. The 28 June was a Wednesday. The significance of that is that there were a further two working days for either Mr F or Mrs F to have made contact with TSB to rectify the missed payment, but they did not. Mrs F says she did not realise the payment had been missed until the Sunday, which would have been 2 July, and then she tried to call TSB but received no answer. It may be that she did not call the telephone number provided on the letter of 30 June, but then she may not have received it at that point.

I can appreciate that perhaps Mr and Mrs F were unaware that the DD had not been collected, but of course making payment on time was their responsibility. They were aware that Mr F's salary had changed to the 29<sup>th</sup> of the month and they had been aware of that for over six months. They were very aware of the difficulty this presented since they had asked TSB if their date could be changed. Mr and Mrs F have argued that TSB ought to have contacted them sooner when the payment had not gone through. TSB wrote to them on 30 June which is two days after the payment date. I think that is reasonable since it allows time for a customer to make a missed payment before being troubled with correspondence about the missed payment. I think that expecting a call to be made the day of default or the following day is setting too high a bar.

I know Mr and Mrs F feel they are disadvantaged by having a later payment date, but of course that was the date they chose as it was linked to Mr F being paid on the 20<sup>th</sup> of each month. And they were able to change the mortgage payment date to the beginning of the month if they wished but chose not to as it would have incurred some additional cost by having to make sequential payments only a week apart. I do understand the point they make, but I don't consider that to be unfair because they would only be paying what is actually due and that would apply to anyone seeking to change their payment date.

Mr and Mrs F have also complained that the potential consequences of choosing a date later in the month for payment weren't made clear to them when they were asked to make such a choice. But I don't think it is reasonable to expect TSB to have explained to them the workings of a DD and that in default a report could be made to a CRA.

But that aside, in the circumstances of this complaint I can't see that even if they had been advised of those consequences it would have made any difference because Mr and Mrs F had already explored changing the payment date and decided against it. That means they would have missed the payment in any event since they did not have the funds to make the payment until Mr F was paid on the 29<sup>th</sup>, and they didn't realise the DD had been returned until July.

So, I can't say TSB has acted unfairly or unreasonably here because all they have done is report to the CRAs the true factual position, that being that Mr and Mrs F did not make their June mortgage payment in June, and they made it late.

### **My final decision**

For the reasons set out above I do not uphold the complaint against TSB Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 30 April 2024.

Jonathan Willis  
**Ombudsman**