

## **The complaint**

Ms C complains that TSB Bank plc incorrectly recorded missed loan payments on her credit file.

## **What happened**

Ms C has a personal loan with TSB. On 22 August 2023 the direct debit payment TSB claimed was returned to Ms C's bank due to insufficient funds. On 30 August 2023 Ms C made a manual overpayment of £700 to the loan. But the agent didn't use the overpayment to clear the arrears balance and it was used to reduce the overall debt instead. The agent processed another payment, this time for £495.76, to normal amount, but it was returned to Ms C's bank the following day. Due to the way payments were processed for August 2023 by TSB, the loan was noted as being one payment in arrears. That information was reported on Ms C's credit file.

Ms C has explained she found the missed payment on her credit file in the months that followed and that it impacted her ability to secure a mortgage. Ms C complained to TSB and on 7 December 2023 it issued a final response. TSB advised that before processing the overpayment of £700 on 30 August 2023, its agent should've ensured the arrears were cleared. As a result, TSB agreed to remove the arrears for August 2023 from Ms C's credit file and offered her £100 to apologise.

Ms C referred her complaint to this service and provided a screen print from 14 December 2023 that showed her loan was being reported as being in arrears on her credit file. We asked TSB to supply its complaint file. Within its submissions, TSB advised it had relooked at Ms C's case and found the agent who responded to the complaint had made a mistake. TSB explained that its final response had incorrectly advised the missed payment had been added to the loan balance which was wrong. TSB also supplied systems evidence to show it wasn't reporting any missed payments for Ms C's loan from August 2023 onwards. TSB offered Ms C a further £100, taking the total award to £200.

Our investigator thought TSB had made a fair offer to resolve Ms C's complaint and didn't ask it to do anything else. Ms C asked to appeal and said her credit file was still showing her loan with TSB was in arrears despite its assurances the information had been corrected. Ms C forwarded screen prints from her credit file dated 14 December 2023 to demonstrate the arrears remained. Ms C explained that she feels the information had impacted her ability to secure a mortgage. As Ms C asked to appeal, her complaint was passed to me to make a decision.

I asked our investigator to contact Ms C and request a full copy of her up to date credit file so I could see whether the incorrect arrears remain on her credit file. Ms C forwarded a copy of her credit file from August 2023 along with correspondence from her mortgage advisor. Ms C didn't send us a copy of her current credit file.

## **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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I can see that Ms C has previously referred a complaint about arrears on her personal loan with TSB to this service but it was out of time. As a result, we were unable to consider that complaint or the missed payments recorded on her credit file by TSB up to that point. In this decision, I'm only looking at what happened in relation to the August 2023 payment and arrears that TSB recorded on Ms C's credit file from that date.

TSB has explained that the direct debit for the August 2023 payment was returned unpaid due to insufficient funds. But Ms C called TSB before the month ended and made up the payment manually. Instead of processing the payment to clear arrears, the agent Ms C spoke with used the £700 as an overpayment and applied it to reduce the overall balance. When the subsequent payment for £495.76 was taken, it was initially credited to the arrears balance but then returned the following day to Ms C's bank. I agree that if TSB had processed a payment to clear the arrears first it would've resulted in the missed payment being cleared without any need for it to be recorded on her credit file. I'm pleased TSB agreed to uphold Ms C's complaint and remove the arrears information it had incorrectly recorded.

TSB's explained that its final response contained some errors as it incorrectly advised the missed payment had been added to Ms C's loan balance and would be payable at the end of the term. That isn't correct and TSB has confirmed Ms C cleared the arrears. As a result of its error in the final response, TSB offered Ms C a further £100, taking the total award to £200.

I agree with Ms C that there were no grounds to record a missed payment for August 2023 on her credit file as she quickly made it up. TSB says that when it investigated Ms C's complaint it took action to amend the information recorded on her credit file and remove the missed payment recorded after August 2023. TSB has supplied evidence from its systems that shows the information it's currently reporting on Ms C's credit file. That shows that no missed payments are being recorded from August 2023 onwards.

In response to the investigator, Ms C said the missed payments recorded after August 2023 were still showing on her credit file and provided a screen print from her credit file dated 14 December 2023. That showed the loan as still being recorded in arrears by TSB. But I think it's fair to note that TSB's final response was issued around a week earlier and promised to amend Ms C's credit file. Amendments can take up to eight weeks to show on a credit file. So I think it would've been very unlikely that the amendments would've shown on Ms C's credit file on 14 December 2023. I recently asked for an up to date copy of Ms C's credit file, but we weren't sent one. So I can't say for certain whether the arrears remain or not. But the information from TSB's systems confirms it has been removed and I think it's more likely than not that those changes will now be reflected on Ms C's credit file. If that's not the case, Ms C should provide a copy of her credit file to the investigator who can go back to TSB and ensure it's made the relevant amendments.

Ms C's provided some information from her mortgage advisor that shows she's had difficulties securing a mortgage. But I think it's fair to note that Ms C's loan with TSB has

other missed payments that predate the issues we're looking at in this complaint. Whilst I accept Ms C may have experienced difficulties obtaining a mortgage, I haven't been persuaded there's evidence that shows the missed payments TSB recorded on Ms C's credit file after August 2023 were the deciding factor.

TSB has agreed to pay Ms C a total of £200 for the mistake it made with the August 2023 payment and information recorded on her credit file. I'm satisfied £200 reasonably reflects the level of distress and inconvenience caused to Ms C and is a fair way to resolve her complaint. As I'm satisfied TSB has already agreed a settlement that is fair and reasonable in all the circumstances and it's taken steps to amend Ms C's credit file, I'm not telling it to take any further action.

### **My final decision**

My decision is that TSB has already agreed a settlement that is fair and reasonable in all the circumstances and that it should pay Ms C £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 2 July 2024.

Marco Manente  
**Ombudsman**