

The complaint

TSB Bank plc admitted providing poor service to Mr K when it delayed updating account information, which impacted on Mr K's credit file. Mr K complains that the proposed compensation amount is insufficient redress for what happened.

What happened

Around February 2020, Mr K's current account with TSB had been in an unarranged overdraft situation for some time. After giving Mr K due warning, TSB ultimately passed Mr K's account to a debt collection agency.

Mr K subsequently arranged part payment of his debt and he understood that this would be acceptable in full settlement. He had a letter dated July 2023 telling him that his account was settled. Around the same time, TSB told Mr K it was refunding approximately £128 in respect of overdraft charges (including interest).

Mr K continued to receive contact from TSB's debt collection agent, despite him asking TSB to update its records.

When he complained about this, TSB upheld Mr K's complaint that it hadn't updated his account to show he'd '*...made an agreed settlement payment in July 2023*'. TSB apologised and assured him his account would be updated and his credit file amended to reflect this information. By way of apology, TSB sent Mr K a cheque for £100.

Mr K wasn't happy with this response and he came to us. He said TSB still hadn't updated his credit file. He also said that TSB hadn't ever refunded him the £128 in respect of overdraft charges, but adjusted this '*in the discounted amount*'.

Our investigator thought that TSB needed to do more to put things right. In brief summary, he felt the partially satisfied date should've been reported in October 2022 and that TSB should pay a further £200 in compensation for not updating this information sooner. He also said that as Mr K had only partially settled the account, it was fair for TSB to apply the refund of overdraft fees to the balance.

TSB accepted the investigator's adjudication. Mr K, however, didn't agree with the investigator's proposed settlement. He mainly said:

- he'd made the settlement payment after it was suggested by his debt manager and the letter about the £128 refund was sent in July 2023 so he doesn't understand how this can have been adjusted against that balance.
- TSB was still chasing the debt through its debt collection agent who had continued to phone and send letters and he had '*...suffered financially and mentally*' for more than two years as a result of what happened.
- To put things right, Mr K wanted his credit file updated to reflect the fact his debt was settled in 2022 and it was TSB's fault this didn't happen. He also wanted an apology

from TSB as well as steps taken to stop chasing him for the debt and reasonable compensation.

There was some further correspondence with the investigator about Mr K's particular concerns relating to the way TSB's information shown on his credit file had impacted on lending decisions.

When our investigator wasn't persuaded that more compensation than he had recommended was warranted, Mr K asked for an ombudsman to review the 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've carried out an independent review and having done so, I've reached the same conclusion as our investigator. I'll explain my reasons.

TSB accepted that it made an error when it took longer than it should've done to update Mr K's account details when partial settlement was received – which TSB's records indicate was on 14 October 2022. And whilst Mr K had previously mentioned making payment in 2021, he has since said he too wants his credit file to reflect settlement in 2022. It seems reasonable to me that Mr K's account should've been updated to reflect the date when the last payment was received from Mr K. And as both parties are agreed on the settlement date, I don't need to say more about this.

I will concentrate on the question of fair redress, which is the main reason Mr K has requested an ombudsman referral.

Our approach to redress is to aim to look at what's fair and reasonable in all the circumstances of a complaint. One way we would try and do this impartially here is to put Mr K in the position he'd be in if TSB hadn't been responsible for the poor service issues it has admitted. So my starting point is to think about the impact on Mr K of what happened.

I've thought first about financial loss. I haven't been provided with anything to show that Mr K is worse off financially as a result of what happened. It was fair for TSB to apply the overdraft fee refund to Mr K's account since this was the account that the charges were applied to.

I agree it was confusing that TSB's letter telling Mr K about the overdraft refund was issued in July 2023 – around the same time that Mr K's debt manager wrote to tell him that '*his account was recently settled*'. But I am satisfied that Mr K has already had the benefit of the refund, so it wouldn't be fair for me to tell TSB it needs to pay this again.

I've taken into account that Mr K feels strongly that the incorrect information shown on his credit file after it should have been updated to reflect partial settlement in October 2022 adversely affected his credit status and resulted in him being financially disadvantaged. But I haven't seen enough to show that any adverse impacts are attributable solely to TSB's admitted delay updating its account.

There is other adverse information shown on his credit record that I think would likely have impacted on a lender's assessment of Mr K's creditworthiness.

So I can't fairly say that TSB is responsible for credit decisions concerning Mr K made by lenders. This means I can't fairly require TSB to pay compensation for any financial loss Mr K attributes to the information shown on his credit file.

TSB has already acknowledged that Mr K incurred call costs when he'd been repeatedly in touch with TSB trying to sort out the outdated information showing on his account. After checking with Mr K that he had no other related costs (such as travel or postage) TSB paid him £25 which more than covered his phone charges.

So I am satisfied that Mr K isn't out of pocket in cash terms.

But fair compensation is about more than monetary loss – it also needs to properly reflect the wider impact on Mr K of TSB's service failings.

TSB didn't update Mr K's account as quickly as it should've done with the result that its debt collection agent continued collections activity long after this should have ceased. I have no doubt this was distressing and upsetting for Mr K, especially as he understood he'd settled the account. I think it's reasonable that TSB should bear responsibility for the inconvenience and upset its actions caused Mr K.

TSB has so far paid Mr K a total of £125 (£100 by way of cheque and £25 directly into his account at another bank) and refunded approximately £128 to his account in respect of overdraft charges (with interest).

The additional £200 figure suggested by the investigator matches the level of award I would make in these circumstances had it not already been proposed. I don't doubt that TSB's poor handling of matters, as described above, caused Mr K significant distress and inconvenience. I am satisfied that a further payment of £200 is in line with the amount this service would award in similar cases and it is fair compensation for Mr K in his particular circumstances.

I appreciate how aggrieved Mr K feels about the fact that his credit file was reporting inaccurate information about his TSB account for longer than should have happened. There isn't any mechanism for TSB to say it was at fault for this. But Mr K may wish to add a 'notice of correction' himself – there's helpful information about this on the following web page:

https://www.payplan.com/wp-content/uploads/2021/02/0038-21_How-to-notice-of-correction-factsheet.pdf

I have set out below the steps TSB is required to take.

Putting things right

TSB should pay Mr K a further £200 compensation to reflect the impact on him of its admitted poor service.

My final decision

I uphold this complaint and TSB Bank plc should take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 July 2024.

Susan Webb
Ombudsman