

The complaint

Mr E complains about a refund of charges by TSB Bank plc to an outstanding bank account balance.

What happened

Mr E held a bank account with TSB that had no overdraft facility. In December 2018, a direct debit was debited that took the account overdrawn by £7.82. In January 2019 another direct debit payment for was collected, taking the outstanding balance to £15.67 overdrawn. A cheque for £100 was paid into the account on 9 January 2019 but was returned unpaid on 14 January 2019, meaning Mr E's account remained overdrawn. On 2 February 2019, a direct debit payment was debited leaving Mr E with an overdrawn balance of £23.74.

In the months that followed, direct debits for similar amounts continued to be debited from Mr E's account. TSB applied unarranged overdraft fees of £40 in March and April 2019 along with £6 overdraft usage fees and interest. From May 2019, once the outstanding balance was over £200, TSB started to apply unarranged overdraft fees of £80, up from £40. The final £80 unarranged overdraft fee was applied in September 2019. The account was ultimately closed with an outstanding unarranged overdraft balance of £500.53.

Around this time, an investigator at this service looked at a complaint Mr E made about the overdraft balance and charges that built but didn't agree TSB had made a mistake or unfairly charged him.

The balance has remained outstanding since 2019. In June 2023, TSB applied a refund of £320 to the outstanding balance. Mr E's explained that no one at TSB contacted him to explain why a refund was issued. Mr E complained to TSB but it didn't issue a final response and he referred his case to this service.

An investigator looked at Mr E's complaint and asked TSB to provide a copy of its case file. In its submission, TSB said it wanted to offer Mr E £100 to apologise for failing to issue a final response. But TSB didn't agree it had made a mistake by refunding overdraft charges that had previously been applied to Mr E's bank account. Our investigator thought TSB had made a fair offer to resolve Mr E's complaint and didn't ask it to do anything else. Mr E accepted the offer of £100 for failing to issue a final response. But Mr E said that settlement didn't resolve his complaint as TSB had issued its refund without telling him or explaining how the figure of £320 had been reached. As Mr E asked to appeal, his complaint has been passed to me to make a 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'm aware we've previously looked at a complaint from Mr E about the charges applied to his current account. During the case, the investigator wasn't persuaded that TSB had applied charges unfairly or outside of the account terms and conditions.

I can understand why Mr E wants to know why, four years later, TSB took the decision to refund £320 to the outstanding balance of £500.53. In its complaint submission to us, TSB explained that in June 2023 it looked back at the fees it had applied to Mr E's current account before it was closed. TSB has explained that between 2 June 2019 and 2 September 2019 it applied four £80 unarranged overdraft fees to his overdrawn balance, totalling £320. But TSB says it could've done more to support Mr E during this period so took the decision to refund £320 to the outstanding balance of £500.53.

I agree with Mr E that it would've been better if TSB had explained why it issued the refund at the time – in June 2023. And if TSB had issued its final response to Mr E, as it should have, I'd have expected the explanation to be provided.

I can see that our investigator confirmed why TSB issued its refund in October 2024, when issuing their view of Mr E's complaint. And TSB issued a letter to Mr E on 9 October 2024 to confirm the same. So I'm satisfied Mr E has now been given the reason why TSB refunded four unarranged overdraft fees of £80, totalling £320.

TSB has offered Mr E £100 in recognition of the distress and inconvenience caused by failing to respond to his complaint. TSB has also confirmed it wants to offer Mr E its apologies for the service provided. I can see this situation has caused Mr E some frustration and that he was concerned to find an unexplained refund. But, in my view, TSB has agreed to pay a settlement that reflects the service provided to Mr E and is a fair way to resolve his complaint. I'm sorry to disappoint Mr E but I haven't been persuaded to increase the award further or tell TSB to take any further action.

My final decision

My decision is that TSB Bank plc has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 11 February 2025.

Marco Manente
Ombudsman