

## **The complaint**

Mr F complains difficulties experienced with TSB Bank plc after it agreed to refund overdraft interest, fees and charges applied to a current account he'd previously held. Mr F also complains that TSB failed to send him a copy of its default notice. In addition, Mr F complains that TSB referred to incorrect products when responding to his complaint.

## **What happened**

Mr F had a current account and associated overdraft with TSB. Mr F's told us that during 2016 TSB notified him it was terminating the account which was later closed with an outstanding balance. TSB sold the outstanding balance to a business I'll refer to as A in 2020.

In May 2023 Mr F received a letter from TSB that explained it had carried out a rectification exercise and looked back at the interest, fees and charges applied to his current account. TSB said it wanted to refund interest, fees and charges of £1,900.82 and pay further interest that brought the total amount to £2,983.20. TSB said it would pay the refund to A to reduce the outstanding balance on account.

Mr F went back to TSB and explained the debt was statute barred. Mr F asked TSB to issue the refund to him directly instead of paying down the balance held by A. Ultimately, in a final response dated 6 November 2023, TSB agreed to send Mr F the refund directly by cheque. But TSB's letter incorrectly said the refund was being made in relation to a credit card and loan account, not a current account with associated overdraft.

Mr F referred his complaint to this service and it was passed to an investigator. Within its file submission, TSB said it wanted to make Mr F an offer. TSB said it wanted to offer Mr F £111.43, representing additional interest the overdraft refund should've included, caused by the initial delay by paying the funds to A. TSB also said it wanted to offer Mr F £100 in recognition of the distress and inconvenience caused during the redress process.

Our investigator upheld Mr F's complaint and initially recommended that TSB reissue its 6 November 2023 final response, correcting the reference to a credit card and loan that had defaulted. They also asked TSB to pay an additional £100 in recognition of the trouble and upset caused to Mr F, taking the total award to £200. The investigator confirmed they thought the refund of £111.43 in missing interest was fair.

TSB responded and explained that whilst it wasn't able to reissue the final response dated 6 November 2023, it could send a separate letter on settlement of the complaint to confirm its final response incorrectly referred to a credit card and loan when the redress paid related to a current account and associated overdraft. TSB didn't agree to pay the additional £100 settlement recommended by the investigator. As a result, Mr F's 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 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 understand Mr F's frustration that the redress TSB agreed to pay was automatically sent to A to reduce the outstanding balance on the account it holds. Mr F's told us the debt is statute barred which means the funds should've gone to him in the first instance, not A. I don't doubt this issue caused Mr F a reasonable level of inconvenience and I can see he had to go back to TSB on several occasions. Mr F's told us that an agent at TSB confirmed its decision to pay him the refund directly was directed by its legal department which agreed the debt was statute barred.

It's not the role of the Financial Ombudsman Service to say whether a debt is statute barred or not – we're an informal dispute resolution service. That's a matter of law so I'm not going to comment on whether the original debt was statute barred at the time TSB issued its refund. But, I'm pleased TSB subsequently agreed to pay Mr F the refund directly as that puts him into the correct position on the basis the debt was statute barred.

TSB has offered Mr F a further £111.43 representing interest that should've accrued against the payment it sent him after the final response was issued in November 2023. I'm satisfied the additional refund of £111.43 fairly recognises the interest that is due to Mr F caused by the delay in sending him the redress. I'm satisfied that's a fair way to resolve this part of Mr F's complaint.

Our investigator initially asked TSB to amend its 6 November 2023 final response to remove its reference to a credit card or loan and correctly reflect the current account and overdraft facility. TSB's confirmed it can't do that but is willing to issue a separate letter to Mr F that confirms the final response was wrong and that the debt in question related to a current account and associated overdraft. I understand why Mr F wanted TSB to reissue its final response but I'm satisfied it's given a reasonable alternative by agreeing to send him a separate letter that confirms the correct position.

I would also add that as a third party, I can also confirm to Mr F that the underlying debt here was a current account and associated overdraft that TSB closed in 2016, not a credit card or loan.

Mr F has also raised concerns over TSB's failure to provide a copy of the default notice it sent him at the point his current account was closed. I accept that by failing to provide the default notice TSB has caused Mr F some inconvenience and I've taken this into account when deciding how to fairly resolve his complaint.

Our investigator recommended that TSB pay Mr F a total of £200 in recognition of the distress and inconvenience caused by the way the redress was paid and the mistake in its final response and the overall service provided. I've carefully considered the circumstances of Mr F's complaint and the level of trouble and upset he's been caused by the way TSB handled the redress process and his enquiries. Having done so, I'm satisfied that £200 is a reasonable recognition of the level of distress and inconvenience caused to Mr F and is a fair way to resolve his complaint. So I'm going to proceed on that basis and uphold Mr F's complaint.

**My final decision**

My decision is that I uphold Mr F's complaint and direct TSB Bank plc to settle as follows:

- Pay Mr F £111.43 representing the additional interest due
- Send Mr F a letter confirming the final response dated 6 November 2023 incorrectly referenced a credit card and loan account and confirm the underlying debt relates to a current account and associated overdraft
- Pay Mr F £200 in recognition of the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 December 2024.

Marco Manente  
**Ombudsman**