

## **The complaint**

Mrs S complains that TSB Bank plc defaulted her credit card account following a dispute with a retailer.

## **What happened**

In August 2022 Mrs S made a credit card payment of £225 to W, a company which provides discount vouchers for goods, services and experiences. The vouchers which Mrs S bought were to be used within a month for items of furniture.

Mrs S contacted TSB to say that the items had not been delivered. TSB applied a temporary credit to Mrs S's account and contacted W. W said that no refund was due as the payment had been an intangible transaction – that is, it had provided voucher codes to Mrs S, but it was not responsible for providing the goods. TSB re-debited Mrs S's credit card account.

Mrs S complained to TSB, and it issued a final response letter in December 2022. That letter told Mrs S that TSB was not upholding her complaint, explained its reasons for that decision, and told Mrs S that she could complain to the Financial Ombudsman Service, but that she needed to do so within six months.

Mrs S continued to use her credit card and to make payments towards the outstanding balance. She exceeded her credit limit in February 2023 and incurred late or missed payment fees in April and May 2023. She made a payment of £1,000 in June 2023, but made no payments after that. From July 2023 the bank stopped applying interest to the account, and the balance remained unchanged.

Between August 2023 and March 2024 TSB wrote to Mrs S on several occasions, notifying her that her account was in arrears and, later, demanding repayment of the full account balance. It then passed the account to a collection agency. TSB closed Mrs S's credit card account and her current account.

This prompted Mrs S to contact W again. It agreed to apply a credit to Mrs S's account with it. This in turn prompted her contact TSB again, to request that it remove all defaults against her name and pay her compensation.

TSB did not accept that it had acted unfairly, and so Mrs S referred the matter to this service. One of our investigators considered what had happened and issued two assessments. The first concluded that we could not consider the complaint about the underlying dispute with W, because it had been referred outside the relevant time limit. The second concluded that TSB had been within its rights to apply the default.

Mrs S did not accept the investigator's view and asked that an ombudsman review the case.

## **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'll deal first with the underlying dispute with W, albeit briefly. This service cannot usually consider a complaint which is referred to us more than six months after the date of a final response letter. I don't believe there is any dispute here that Mrs S did not complain to us about TSB's handling of her request for a refund until more than a year after the final response letter. We can disregard that time limit where there are exceptional circumstances, and I can see why W's agreement to credit Mrs S's account with it may have prompted her to pursue the complaint again. I don't however believe that it is a reason to disregard our normal time limits, and so I won't comment any further on that aspect of the complaint.

I turn then to the default on the credit card account. As I have indicated, Mrs S stopped making payments in June 2023. TSB then contacted her on several occasions over the following months, both advising her of the arrears on the account and inviting her to get in touch to discuss matters.

Where a customer is in financial difficulties and unable to pay money owed to a bank when due, we would usually expect the bank to consider whether some kind of accommodation is appropriate – for example, debt forgiveness or a repayment plan. Mrs S has quite recently indicated that she was having difficulty with repayments in late 2022 and early 2023. However, it does not appear that she discussed any difficulties with TSB at that time; rather, she indicated that she would not pay because of the unresolved dispute with W about the £225 payment.

I note as well that TSB invited Mrs S to get in touch to talk about her account. Because it was unable to contact her, it did not have a proper opportunity to discuss what it might have been able to do to help.

The investigator referred to guidelines issued by the Information Commissioner's Office, which say that an account should generally be defaulted after three, and not later than six, months. Not acting on an account which is in arrears can delay a resolution and lead to a default remaining on a customer's record long after the first arrears arose. I can therefore understand why the bank defaulted Mrs S's account here.

In conclusion, I do not believe that TSB acted unfairly in this case.

### **My final decision**

For these reasons, my final decision is that I do not uphold Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 May 2025.

Mike Ingram  
**Ombudsman**