

The complaint

Mr K complains about the way TSB Bank plc handled a claim for a refund when he was overcharged.

What happened

In October 2023 Mr K hired a car while abroad. He has explained that he needed the car for an extra six days and that he agreed a price equivalent to around £53 for that period. He was, however, charged an additional £216 in addition to the original price.

Mr K made a claim to TSB on the basis that he had been overcharged. TSB says it sought further information from Mr K; he says that it didn't. When Mr K tried to raise the issue with the bank in August 2024, it said that it was too late to do so, because it was more than 120 days since the payment.

Mr K referred the matter to this service. In the course of our investigation of it, TSB agreed to refund the amount which Mr K had overpaid - £216.72. Our investigator thought that it should also pay Mr K £125 in recognition of the inconvenience to which he had been put, together with interest on the refund from 15 November 2023, the date on which TSB had enough evidence to agree to claim a refund from the hire company.

TSB agreed to the investigator's recommendation, but Mr K did not think it went far enough. He thought compensation of around £400 was more appropriate. The case was therefore passed to me for further consideration.

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.

Mr K's initial claim for a refund of the difference between what he agreed to pay and what he actually paid has been resolved, in the sense that he has now received that refund. I don't therefore need to discuss Mr K's entitlement to it.

I think it is fair too that he receive interest on that refund, and I agree too that a rate of 8% is fair. It adequately compensates Mr K for being without funds and is in line with the judgment rate applied by the courts.

The only issue remaining therefore is the question of compensation in recognition of the inconvenience to which Mr K has been put. It appears that TSB did have, by the middle of November 2023, all the documents it needed to decide whether or not to seek a refund from the hire company. It does not appear however that it properly considered them at the time, with the result that the claim was not resolved until very much later. Mr K should receive compensation for that.

I have considered carefully whether the £125 recommended by the investigator and offered by TSB is fair in the circumstances and concluded that it is. Whilst it took very much longer

than it should have done to resolve matters, I think that a higher sum would be disproportionate to the amount in dispute.

Whilst TSB has agreed to the investigator's recommendation, I will make a formal award in Mr K's favour, so that he can enforce it, should that be necessary.

My final decision

My final decision is that, to resolve Mr K's complaint in full, TSB Bank plc should pay him interest on £163.75 at 8% a year simple from 15 November 2023 until the date it refunded that sum, together with a further £125 in recognition of the inconvenience to which he has been put.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 24 July 2025.

Mike Ingram
Ombudsman