

The complaint

Miss K complains that £100 paid to her by TSB Bank plc ('TSB') is insufficient compensation after it admitted misinforming her about a pre-authorised payment transaction. To put things right, Miss K wants TSB to pay her further compensation to reflect the distress she's been caused and also to reimburse the full amount of the pre-authorised payment.

What happened

In February 2024, Miss K provided card payment details via a booking agent's site to pre-authorise payment for a planned hotel stay in August 2024. She told us that she didn't receive any booking confirmation by email, which prompted her to phone TSB in May 2024. By this time, Miss K was no longer planning the trip.

TSB's call handler said he couldn't see any pre-approved transaction on her account. Miss K assumed this meant the hotel wouldn't be able to take the pre-authorised payment when she didn't turn up for the booking.

Subsequently, on the date she'd booked to check-in at the hotel, Miss K found her account went unexpectedly overdrawn. This happened because TSB had paid the hotel in line with Miss K's pre-authorised payment instruction.

When Miss K complained, TSB apologised. It said the call handler should have looked to see if a payment had been pre-authorised instead of just looking at pending transactions on Miss K's account. TSB acknowledged that saying sorry wasn't enough to make up for the upset she'd been caused. It paid her £100 saying *'I hope this goes some way in restoring your faith in TSB'*. But TSB referred to the booking terms and conditions and explained that Miss K needed to contact the hotel if she wanted her money back, as there had been no bank error so far as the payment itself was concerned. It said she could also raise a debit card dispute via TSB's website.

Miss K brought her complaint to us and one of our investigators looked into what happened. The investigator didn't uphold Miss K's complaint. He was satisfied that TSB didn't need to do anything further. Briefly, the investigator agreed that the TSB call handler Miss K spoke to in May 2024 made a mistake by saying she wouldn't be charged for the hotel booking. But he felt the £100 compensation paid for this was already a fair outcome. He didn't think TSB needed to refund money for the booking because it was Miss K's responsibility and not TSB's to cancel or query the booking.

Miss K disagreed. Further correspondence followed the investigator's view. In summary, Miss K mainly feels that there was nothing else she could've done here. And she holds TSB responsible for full redress for what happened because she feels it shouldn't have told her there was no pre-authorisation on the card, without also making clear that the call handler might not have had access to that information.

The complaint has come to me for a final 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.

This includes listening to the call recordings provided.

I've carried out an independent review and having done so, I've reached the same conclusion as our investigator.

As I understand Miss K's complaint, she is mostly concerned that TSB should pay significantly more compensation, given the embarrassment and distress she was caused when the pre-authorised payment unexpectedly debited, taking her account overdrawn. She also feels that, as TSB admitted providing misinformation, she's entitled to expect that TSB will reimburse the money that debited her account when the payment she'd pre-authorised was taken. She feels strongly that TSB should've been able to see the pre-authorised transaction via the "visa system" as she has some personal knowledge of how this can work.

I sympathise with the situation Miss K found herself in when her account went unexpectedly overdrawn – I can completely understand how distressing that would have been. But the fact alone that TSB has admitted to making a mistake here isn't enough of a reason for me to uphold this complaint and award the redress Miss K is seeking. I must decide whether TSB has done enough to put things right. So I've made that the focus of my decision.

I find that TSB's call handler provided poor service to Miss K when it gave her unhelpful information during the phone call in May. Having listened carefully to that call recording, I can understand why Miss K had the impression that the call handler had endorsed her suggestion that she wouldn't be charged anything by the hotel because there was no pre-approved transaction showing on her account.

TSB's mistake here was to endorse Miss K's understanding of the position when she said: *'... Ok. Just to confirm then, when it comes over and I don't turn up to this hotel, they won't charge my card because there's no pre-approved transaction – is that right?'*

In the event, the pre-payment she'd authorised (almost £450) did subsequently leave her account around three months later, on the check-in date she'd booked, in line with the pre-approved transaction she'd authorised.

TSB says the call handler should have looked to see if a payment had been pre-authorised instead of just looking at pending transactions. But I'm mindful that even if she wasn't sure about the status of her booking (which she suggested at one point) Miss K knew that she'd agreed to pre-authorise payment – that was why she was calling TSB. I also think it was reasonably clear that the call handler was having difficulty properly understanding Miss K's query – she corrected him a couple of times and tried several times to explain to him what the situation was. So I think she could've realised that it might not be prudent to draw any firm conclusions from what he was saying. Additionally, I've taken into account that it was always up to Miss K to cancel the booking once she was aware she wouldn't be making the trip – the terms and conditions seem to me to have allowed for cancellation up to 6pm on check-in day. Taking all this into account, I don't find that TSB made an error when it debited Miss K's account in line with the payment arrangement she agreed to when providing pre-authorisation (keeping in mind that she'd failed to cancel the booking). It follows that I can't fairly hold TSB responsible for the amount taken by the hotel when Miss K had previously pre-authorised that payment

During a call in August 2024, TSB suggested Miss K could raise a payment dispute with the hotel. I understand why Miss K felt that wasn't likely to be successful, given she told TSB that she thought it likely that a booking confirmation email went to the junk folder in her boyfriend's email account and so wasn't actioned within 30 days. But that's not a reason for me to uphold this complaint against TSB. We expect consumers to take reasonable steps themselves to limit the impact of things going wrong. It's not TSB's fault if Miss K didn't provide personal contact details with the result that she wasn't able to manage the booking effectively after she'd put in her payment details.

I'm mindful that Miss K has said things could have been different if she'd been told, when she first called TSB in May, that the pre-authorisation could be on the system. But she'd already pre-authorized payment by then. And Miss K told TSB she didn't think she had grounds for challenging the hotel's payment claim because she didn't cancel the booking or respond to the confirmation email that went to her boyfriend. So I think it was always likely that the payment she'd set up would be taken.

To sum up, I am satisfied that if Miss K wanted to avoid the risk of the hotel charging her (even if she wasn't sure whether she'd completed a firm booking or just been browsing the booking agent's site, which she suggested at one point) the onus rested with Miss K to cancel her booking after she'd completed the details for a pre-approved transaction. TSB wasn't responsible for the fact that the contact information for the booking meant Miss K didn't receive a confirmation email. And ultimately, I can't fairly hold TSB responsible for the fact the payment for the hotel debited her account unexpectedly, even though she'd been told by TSB's call handler that he couldn't see a pre-authorisation on her card. Whilst there's been some admitted poor service here by TSB, Miss K was responsible for cancelling the booking. When she failed to do that, the payment was taken and she incurred problems when she went overdrawn.

That said, TSB has apologised for the fact that the call handler Miss K spoke to in May 2024 failed to check properly whether a payment had been authorised and paid her £100 as a goodwill gesture. I consider that's fair and reasonable in the circumstances. I don't think the outcome would have been significantly different here even if Miss K had been made aware there was a risk the pre-authorized payment would eventually debit her account on the day she'd originally booked to arrive at the hotel. I accept that it was embarrassing for her to have to rely on borrowing from family to bring her account back into credit when the payment went out.

But the payment went out because she'd pre-authorized it and not cancelled the booking. So I think the £100 paid by TSB already is fair and reasonable compensation in these circumstances. I haven't identified any fair basis for requiring TSB to cover the cost of the debit amount taken by the hotel in these circumstances. I am satisfied that £100 is in line with awards made by this service in comparable circumstances and it's what I'd have told TSB to pay if it hadn't already volunteered this payment. So, I can't uphold this complaint or require TSB to pay any more.

I hope that setting things out as I've done helps explain how I've reached my conclusions.

My final decision

For all these reasons, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 15 April 2025.

Susan Webb
Ombudsman