

## **The complaint**

Mr H is complaining about TSB Bank Plc's (TSB) response to his complaint about interest charged on his outstanding credit card balance.

## **What happened**

In March 2024, TSB let Mr H know that it was going to close his bank accounts. Mr H was unhappy with this and brought a complaint to this service about the closure. This was investigated and Mr H accepted the outcome.

Mr H contacted this service again in August 2024. He said he received poor service from TSB. It had not told him they were going to close his credit card when they wrote to him in March 2024, and he was unhappy that he was being charged interest on the outstanding balance on the credit card, despite no longer being able to use the card.

TSB said that the closure of Mr H's accounts had already been reviewed and resolved by this service, but that it could have been clearer in its communication with Mr H about the closure of his credit card. It had already offered Mr H £75 for this poor service, and it offered a further £75 in recognition of the poor service. It also said that under the terms of the agreement Mr H entered into when he took out his credit card, he was liable to pay interest on any outstanding balance on the credit card.

Our investigator looked at the case and said we wouldn't review the closure of the accounts again, the offer of £150 for poor service was fair, and that TSB were entitled to apply interest to the amount outstanding. Mr H did not agree. He said he shouldn't have to pay interest on an account that wasn't fully functional and he wanted all the interest applied removed from his balance before he would pay.

As the case could not be resolved, it was passed for review by an ombudsman.

I wrote to both parties saying that based on the evidence I'd seen TSB had not acted unreasonably when it had closed Mr H's credit card account. Mr H responded saying he was not complaining about the closure as much as the impact the closure of his accounts had.

TSB confirmed they had nothing further to add.

## **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 should make it clear that the decision to close Mr H's bank accounts with TSB, and how that was handled, has already been considered by this service. And the outcome accepted by Mr H. So, I won't be looking at this again.

This complaint centres on Mr H's credit card, and TSB's decision to end that agreement, how that was communicated to Mr H and whether it has acted unreasonably in continuing to apply interest to the outstanding balance on the card.

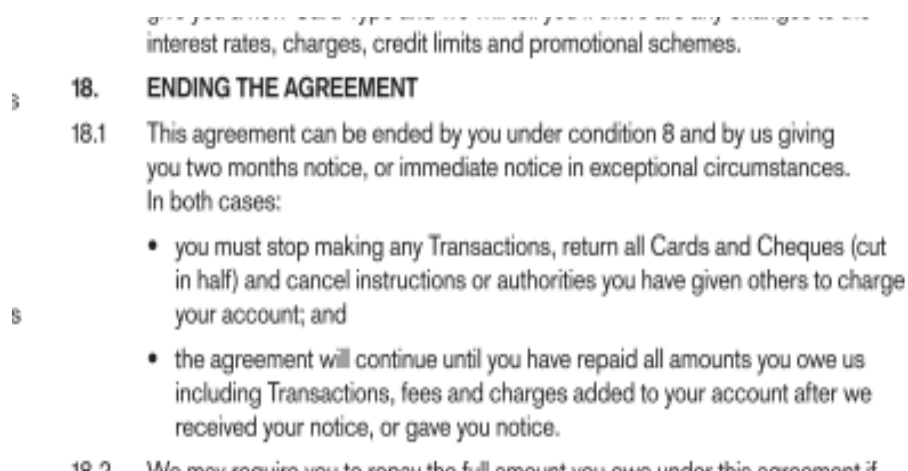
From what I have seen, I'm satisfied TSB was not acting unfairly when it made the decision to close Mr H's credit card account, along with his other accounts, and under the terms of the agreement, it was allowed to do so.

TSB has accepted that it did not provide Mr H with the clear communications he would have expected about the closing of his card. And that he received confusing information when he queried what had happened. This would have caused Mr H some trouble and upset that could have been avoided. However, I consider the £150 TSB has offered in recognition of this avoidable inconvenience is fair under the circumstances.

At the point TSB closed Mr H's credit card it had an outstanding balance.

When Mr H took out his credit card, he effectively entered into an agreement with TSB, and agreed to the terms and conditions TSB applied to that agreement. There was an interest free period of 27 months and from April 2024 interest would be charged on the outstanding balance. I can see that the end of the interest free period was highlighted on Mr H's statements.

TSB supplied a copy of those terms and conditions, and in the section titled "Ending The Agreement" it says



This makes it clear that, regardless of who decides to end the agreement, any outstanding balance on the card needs to be paid after the closure and that interest will be charged until the money is repaid.

Mr H has said he wants the interest removed from the amount he owes. But I don't think it's unreasonable of TSB to apply interest to the amount outstanding in line with the terms of the agreement Mr H entered into.

### Putting things right

TSB has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

**My final decision**

If it has not already done so, my decision is that TSB Bank Plc should pay £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 April 2025.

Sarah Holmes  
**Ombudsman**