

## **Complaint**

Mr M says that TSB Bank plc ("TSB") unfairly provided him with overdrafts and continued to allow him to use them even when it was evident he was unable to repay to what he owed.

## **Background**

When it investigated Mr M's complaint, TSB accepted that it shouldn't have added interest to Mr M's overdrafts from April 2018 onwards. Mr M remained dissatisfied at matters and referred his complaint to our service.

One of our investigators looked into Mr M's concerns. He was satisfied that what TSB had already done to put things right for Mr M was fair and reasonable in all the circumstances of his complaint.

Mr M agreed that the refund was fair. However, he thought that TSB also needed to remove the adverse information that it recorded about his overdrafts from his credit file. As Mr M disagreed with the investigator the complaint was passed to an ombudsman for a final decision.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having carefully considered everything provided, I'm satisfied that what TSB has already done to put things right is fair and reasonable in the circumstances. So I'm not requiring it to do anything more or anything further and I'm not upholding Mr M's complaint. I'll now explain why in a little more detail.

TSB has accepted that it shouldn't have allowed Mr M to continue using his overdrafts in the same way from April 2018 as they had become unsustainable for him.

Where a business accepts (or we decide) it did something wrong, we'd expect the business to put the consumer in the position they would be in if that wrong hadn't taken place. And in an ideal world, we'd tell a business to put a consumer in the position they'd now be in if they hadn't been given the credit they shouldn't have. However, that's not possible in cases where funds that shouldn't have been advanced because typically those funds will have already been spent.

So we have to look at a way of asking a lender to put things right in some other fair and reasonable way. And where a business provided credit which it should have realised was unaffordable or unsustainable for a customer, we'd typically expect it to put the consumer in the position they'd be in now if they hadn't paid any further interest and charges on that credit.

This means we'd normally expect a lender to refund the interest and charges added as a result of any credit that it should not have provided. And if those interest and charges were paid also add 8% simple interest per year. TSB has agreed to do this.

That said, we do look at each case individually and on its own particular merits. And while we have a general approach to how we might tell a lender to put things right where it initially provided, or continued to provide, credit it shouldn't have (such as here), we can and will tell it to do something different and/or something more if there's a strong reason to say that's what would be fair and reasonable to do in the circumstances of that individual case.

Mr M believes that TSB should do more here. He says that TSB defaulted his accounts and as it now accepts the overdrafts were unsustainable for him from April 2018 all adverse information should be removed from his credit file.

I can to some extent understand why Mr M may remain unhappy at what has happened. And I've thought about what he's said. However, Mr M complained about TSB reporting adverse information to his credit file and the fairness of defaulting him in the first place, in 2022. Mr M was dissatisfied at TSB's response and this complaint was referred to our service. In February 2023 we agreed that TSB acted fairly and reasonably when defaulting the accounts and in reporting this information to credit reference agencies. So we've already considered the question of whether TSB should remove the defaults from Mr M's credit file and in reality it wouldn't be appropriate for us to reconsider this matter over two years later.

In any event, for the sake of completeness and in an effort to reassure Mr M, I think that it would be helpful for me to explain that I would only have asked TSB to remove any adverse information had the amount of the refunded interest, fees and charges been higher than the amount of the defaulted balance. And having looked at everything provided, I've seen that the amount Mr M defaulted on was higher than the amount TSB has refunded him. The defaulted balance being higher than the refunded interest, fees and charges means that it's extremely difficult for me to say that the refunded charges are responsible for the defaults and that it follows the defaults should be removed.

In reaching this conclusion I've also considered whether the lending relationship between TSB and Mr M might have been unfair to Mr M under section 140A of the Consumer Credit Act 1974 ("CCA").

However, I'm satisfied that what TSB has already agreed to do to put things right for Mr M's complaint as a whole, is fair and reasonable in all the circumstances of this case and I'm not requiring it to do anything further. I'm also not persuaded that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome in respect of this.

Overall and having considered everything, I'm satisfied that what TSB has already agreed to do to put things right for Mr M is fair and reasonable in all the circumstances of this complaint. I'm therefore not requiring TSB to do anything more and I'm not upholding Mr M's complaint. I appreciate this is likely to prove disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm satisfied that what TSB Bank plc has already done to put things right is fair and reasonable in the circumstances. So I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 August 2025.

Jeshen Narayanan  
**Ombudsman**