

The complaint

Mr and Mrs C complain that TSB Bank plc unfairly defaulted their overdraft account.

What happened

Mr and Mrs C had a joint overdraft account with TSB. They state that TSB closed their overdraft account and defaulted it unfairly. They say that while TSB state that they sent them letters letting them know that they were over their overdraft limit, they didn't receive any of these letters, and they didn't know the account had defaulted. They add that they only became aware the account had defaulted when they received contact from a third-party debt collection agency.

Mr and Mrs C say that if they had have received contact from TSB, they would have come to an arrangement to repay the overdraft balance. They add that the reason they were over their overdraft limit was because of the charges TSB applied to their account.

In order to put things right, Mr and Mrs C would like TSB to remove the default from reporting to the credit reference agencies and agree an affordable repayment plan with it.

TSB responded to Mr and Mrs C's complaint, but they didn't uphold their complaint. It explained that the account went into an unarranged overdraft position in July 2024. When the account wasn't brought up to date, they sent several letters, including an enforcement notice on 6 August 2024, and a formal demand on 28 August 2024. It explained that it had suspended interest on 3 September 2024 and reissued a further enforcement notice. Then it sent further formal demands on 27 November 2024 and 7 December 2024. As the account hadn't been brought up to date, the account closed on 21 January 2025 – at this point it was removed from internet banking and the account registered as having defaulted. Ultimately, it didn't think it had done anything wrong when it defaulted the account.

An Investigator considered the information provided by both parties, but ultimately, they didn't uphold Mr and Mrs C's complaint. They explained that TSB had followed the correct process to default the account, and that it had sent both Mr and Mrs C letters and emails letting them know the status of the account. Overall, they didn't find that TSB had treated Mr and Mrs C unfairly by defaulting the account.

Mr and Mrs C didn't agree with the Investigators view. They explained that they had let TSB know that Mr C had been off work with an injury and so was on statutory sick pay, which had affected them financially. They explained that they'd asked TSB to stop adding charges to the account, but they were still added. They reiterated that they hadn't received the letters TSB say they sent. And they explained the impact the default would have on them. In addition to this, they say that they weren't able to access their online banking and this shouldn't have happened.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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.

Having considered all of the available evidence, I've decided not to uphold Mr and Mrs C's complaint – for broadly the same reasons as that of the Investigator. I appreciate this decision will come as a disappointment to them; however, I will explain my reasons for this below.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr and Mrs C's complaint in less detail than they have. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Mr and Mrs C's account went into an unarranged overdraft position in July 2024, because the balance was more than the agreed limit. The account wasn't brought back up to date following this, and so the account defaulted in January 2025.

Information Commissioner's Office (ICO) guidance states that an account should default when it is between three to six months in arrears, that's just what happened here. The account was over the agreed limit for around five to six months – and so I'm satisfied that TSB defaulted the account inline with the guidance set by the ICO.

I can also see that TSB sent Mr and Mrs C numerous emails and letters to let them know about the status of the account. I have taken on board Mr and Mrs C's comments in that they didn't receive any of these, but based on what I've seen, the emails went to the correct email addresses, and the letters sent to the address we currently hold on file. Given the volume of the letters sent to Mr and Mrs C, I find it highly unusual that none of the correspondence was received. But in any event, I'm satisfied that TSB followed the correct procedure in making attempts to contact Mr and Mrs C prior to it defaulting the account, and I'm satisfied it provided them with clear information about the impact to their credit file if the account wasn't brought back up to date.

I note that Mr and Mrs C have said that they contacted TSB to let them know Mr C wasn't working and asked for it to remove the account fee. I can see from looking at the statements that in May 2024, the interest was refunded for that month and in June account fee was refunded. So, it seems at some point, TSB did agree to remove interest and account fees. I don't know what was agreed between the parties about the removal of the charges, but I can see charges continued in July and August 2024. And these charges were visible on Mr and Mrs C's statements, so it seems the refund was temporary. I'm satisfied that TSB made numerous attempts to contact Mr and Mrs C to let them know the account was overdrawn – both by email and letter (TSB also say they tried to call Mr and Mrs C). If the charges weren't what they thought was agreed, I'd have expected Mr and Mrs C to have raised this at the time – at this point, they would still have had access to their statements online, where they could view the transactions on the account. Overall I'm not persuaded TSB has done anything wrong here.

While I accept the default will likely have a negative impact on Mr and Mrs C's credit file, TSB are required to report accurate information to the credit reference agencies. And I'm satisfied that reporting the default is an accurate reflection of how the account was

managed.

I note Mr and Mrs C have said that their account was removed from internet banking, this often happens when once the account has defaulted – TSB's final response letter confirms this. Once an account has defaulted, it is essentially closed. In this case, I can see that it is being managed by a third-party, and so I don't find that TSB did anything unfair or unreasonable in removing internet access. That's because it was no longer managing their account.

My final decision

For the reasons set out above, I don't uphold Mr and Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 7 November 2025.

Sophie Wilkinson
Ombudsman