DRN-5701142

The complaint

Miss S complains that TSB Bank plc irresponsibly gave her an overdraft she couldn't afford.

What happened

In 2021, Miss S applied for a student current account with TSB. She was given an interest free overdraft of £1,000. In late 2024, Miss S complained to TSB about her overdraft. She said it had been unaffordable to her from the outset and as she was now in financial difficulties, she wanted TSB to write off her outstanding balance. She says she also provided a letter from her local council setting out that she was vulnerable.

TSB didn't think it had been irresponsible in providing the overdraft. However, it acknowledged that it could see she had struggled to maintain the overdraft. It said that the overdraft had remained interest free, but it agreed to refund any additional charges that had been applied since the account was opened.

The accounts were later closed with a balance outstanding. Miss S remained unhappy with this resolution as she wanted the balance written off and she says she wasn't notified about the closure of the accounts.

Our investigator didn't recommend the complaint be upheld. He was satisfied TSB had acted fairly by ensuring no interest and charges were applied to the borrowing and offered Miss S the opportunity to set up an affordable repayment plan.

Miss S didn't accept that outcome, she didn't think TSB had taken her circumstances into account and that they could have done more to assist her.

The complaint has been passed to me for a 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.

Before providing an overdraft facility to Miss S, TSB were required to carry out checks to ensure the lending was affordable to her. TSB says it doesn't have any records of the checks it did due to the time that's passed. I find that disappointing given how relatively recent the lending decision was. However, it has nevertheless agreed to waive all interest and charges that were applied since the account was opened. I think this broadly puts right any unfair lending decision that might have been made. I therefore don't need to make any finding on whether TSB's original lending decision was fair. This is because even if I was to uphold that complaint, TSB has already carried out the redress I would likely have awarded.

Miss S also feels the outstanding balance should have been written off due to her current financial and personal circumstances. She's provided this service with evidence to show she is vulnerable and I'm sorry to learn of the challenging circumstances she's faced.
I understand this evidence has also been shared with TSB and it has decided not to write off

the outstanding balance. I've thought carefully about the circumstances here and I don't think in refusing to write off the balance TSB has acted unfairly or unreasonably.

I've reviewed TSB's contact notes and I can see it has made a number of concessions for Miss S including allowing her salary to continue to be paid into her TSB accounts for some time and providing her access to it. However, it also gave her sufficient notice that she would need to redirect her salary elsewhere before it eventually stopped doing this. While accept Miss S doesn't think TSB has done enough to support her, I do think it has taken steps to help, including removing all interest and charges and stopping further spending on the account.

I understand Miss S' outgoings currently exceed her income, and this is why TSB has now agreed to a £1 per month repayment plan through a debt charity Miss S spoke to. As it is possible her circumstances could improve in the short to medium term, I don't think TSB's decision to not write off the balance now is unreasonable. It doesn't mean it would never be appropriate to write off some or all of the balance, and I would expect TSB to regularly review the situation. However, I think what it has done so far is fair and reasonable in the circumstances.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 19 September 2025.

Tero Hiltunen
Ombudsman