

Complaint

Mr C has complained about the overdraft charges TSB Bank plc ("TSB") applied to his current account. He has said that TSB increased his overdraft limit 38 times after it was initially provided to him and which led to him having an overdraft limit that was too large to afford.

Background

Mr C was provided with an overdraft with a limit of £200 by TSB in September 2014. Mr C's overdraft limit was increased and decreased on a number of occasions. At its highest Mr C's limit was £5,000.00. The overdraft was repaid in full and removed from Mr C's account in May 2021.

In February 2025, Mr C complained about his overdraft. TSB partially upheld Mr C's complaint. It offered to refund all of the charges added to Mr C's overdraft in the six years prior to him complaining (in other words, between February 2019 and May 2021). Mr C remained dissatisfied after TSB's response and referred his complaint to our service.

When Mr C's complaint was referred to our service, TSB told us that we couldn't consider parts of it as it was made too late. One of our investigators reviewed what Mr C and TSB had told us. She reached the conclusion that we could look at the entire period Mr C had his overdraft for but thought that what TSB had already done to put things right for Mr C was fair and reasonable in all the circumstances of his case.

Mr C disagreed with the investigator and asked for an ombudsman's 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.

The time limits for making a complaint to our service

There are time limits for referring a complaint to the Financial Ombudsman Service. TSB has argued that Mr C's complaint was made too late because he complained more than six years after the charges on the overdrafts were applied, as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

The rules I must apply say that, where a business doesn't agree, I can't look at a complaint made more than six years after what's been complained about, or if later, more than three years after the complainant (in this case, Mr C) knew, or should really have known they had reason to complain. Dispute Resolution rule 2.8.2R can be found online.

Mr C has complained about the charges that were applied to his overdraft and says that TSB should never have provided him with an overdraft limit that far exceeded his monthly income. This means Mr C had, at least, six years from when the charges in question were applied September 2014 to January 2019 in order to complain.

Mr C didn't complain until February 2025. I'm therefore satisfied that Mr C clearly complained more than six years after all of the charges in question were added to his account.

However, DISP 2.8.2R (2)(b) can potentially provide a consumer with longer than six years to complain, as long as they complained within three years of when they were aware, or they ought reasonably to have been aware, they had cause to. So I've considered whether DISP 2.8.2R (2)(b) provides Mr C with longer to complain here.

I want to start by saying that I think that in order for it to be the case that Mr C was aware, or he ought reasonably to have been aware of his cause for complaint, it would have to be the case that he was aware or ought reasonably to have been aware that:

- there was a problem – in this case his overdraft charges were excessive and therefore unfair as a result of TSB failing to carry out reviews;
- the overdraft charges caused him loss;
- another party's actions (or its failure to act) may have caused the loss; and
- the other party was TSB.

Mr C's account statements would have made him aware of the charges he is now complaining about when they were being applied. I think that in knowing about the charges themselves Mr C had enough information to decide whether he considered these charges to be excessive and whether he thought TSB applying them in the circumstances that it did was unfair. This is particularly as he will also have known that there was a significant mismatch between the amount of his monthly income and his overdraft limit.

I also think that Mr C would have known that these charges were causing him a loss given what he has said about struggling to repay them and the effect that having this overdraft and paying these charges he says was having on him. Equally, as it was TSB that was charging Mr C, I think that he ought reasonably to have realised that TSB might have been responsible for his problem too. I'm therefore satisfied that Mr C ought to have been aware of his cause to complain at the time that these charges were applied.

Three years from when each of the respective charges were applied does not provide Mr C with longer (than six years from when the charges were applied) to complain. So I don't think that DISP 2.8.2R (2)(b) does apply in this case and as he complained more than six years after the respective events he is complaining about took place, Mr C complained too late.

I can look at a complaint made outside of the time limit if I'm persuaded that this was because of exceptional circumstances. Mr C has said that he wasn't thinking straight at the time as he was in the midst of a gambling addiction. However, while I've thought about what Mr C has said and sympathise with his situation, it may help for me to explain that I'm only really able to say that exceptional circumstances apply where a complainant couldn't make a complaint.

In this case, Mr C appears to have been operating his finances during the period concerned. He's also referred to applying for other borrowing in this period only for it to be declined. As this is the case, I can't reasonably say that Mr C couldn't have complained in the time limit had he wished to do so and in these circumstances, I don't think that exceptional circumstances do apply in this case.

Section 140A of the Consumer Credit Act 1974 and its relevance to this complaint

Our investigator also explained why it was reasonable to interpret Mr C's complaint as being one alleging that the lending relationship between Mr C and TSB was unfair to Mr C as described in s140A of the Consumer Credit Act 1974 ("CCA"). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

For the sake of completeness, I wish to confirm that I'm in agreement with the investigator that Mr C's complaint should be considered more broadly than just the individual charges or lending decisions. I consider this to be the case as Mr C has not only complained about the circumstances behind the application of the individual charges, but also the fact TSB's failure to act during the periods he alleges it was applying these excessive and unfair charges caused ongoing hardship.

In deciding what is fair and reasonable in all the circumstances of Mr C's case, I am required to take relevant law into account. As I'm satisfied that Mr C's complaint can be reasonably interpreted as being about that his lending relationship with TSB was unfair to him, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (TSB) and the debtor (Mr C), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Application to Mr C's complaint

TSB has already refunded all of the charges added to Mr C's account from February 2019 onwards. Mr C also no longer has an overdraft or an overdrawn balance so TSB isn't reporting any adverse information regarding the overdraft to credit reference agencies. This effectively means that there is no unfairness to remedy on the account from February 2019 onwards.

It is possible that any such unfairness may have existed earlier. For example, it is possible that TSB applied charges in circumstances where it shouldn't have done so prior to February 2019. I note the investigator's conclusion that it did. However, just because there may have been unfairness in a debtor's relationship with a creditor doesn't automatically mean it would be fair to refund all of the interest and charges on the account from when that unfairness began.

In *Smith v Royal Bank of Scotland Plc*¹, the Supreme Court pointed out that remedies for unfair relationships are at the court's discretion and the court may deny a remedy where the claimant had knowledge of the facts relevant to their claim, but substantially delayed making that claim.

¹ *Smith and another v Royal Bank of Scotland plc* [2023] UKSC 34.

There is no fixed period of delay that brings this principle into play, but the Supreme Court approved the District Judge's comment in the case that a court would be slow to remedy unfairness in a situation where the claimant delayed more than six years after knowing the facts.

Therefore, in determining a fair and reasonable outcome to Mr C's complaint and what is fair compensation, it's important for me to take this into account as relevant law. I consider that a complainant would have knowledge of the facts that caused any unfairness when they became aware of a problem and that they were suffering a loss.

Where a consumer had knowledge of the relevant facts, our typical approach to cases of this nature is for the respondent firm to refund to them, the interest and charges they paid for the six years before they made their complaint. If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to the consumer, along with 8% simple interest on the overpayments from the date they were made until the date of settlement.

In the section of this decision relating to time limits, I've already explained why I think that Mr C had enough to know whether he considered the overdraft charges excessive and unfair and that he knew he was suffering a loss as TSB continued to charge him and he was struggling to pay these charges.

I'm satisfied that this is sufficient for Mr C to have had knowledge of the relevant facts. However, Mr C didn't formally complain about this until in February 2025. So I think it's right that any refund of interest and charges should be limited to the six-year period prior to Mr C making his complaint.

As I've explained, TSB has already agreed to refund the charges applied to Mr C's overdraft in the six years prior to his complaint. This means that even if I were to have found that any unfairness began earlier than February 2019 (which is six years prior to Mr C making his complaint), which for the sake of completeness I would add I make no finding on notwithstanding the investigator's conclusions on this, I still wouldn't have required TSB to do anything more or anything further.

This is because I think that he had knowledge of the facts relevant to his claim, but substantially delayed making that claim. As this is the case, I don't think that it would be fair and reasonable for me to require TSB to do anything more or anything further in this instance.

Finally, I've seen that Mr C is unhappy at the way that TSB has handled his complaint. For example, I've seen that Mr C is unhappy that TSB told him it would consider refunding earlier charges if he provided further information only for this further information not to be considered after he provided it. I can understand why Mr C may feel frustrated at this.

However, complaint handling isn't an activity which falls within my jurisdiction. Ultimately, it is the regulator which monitors firms' actions in relation to the complaint handling rules and which deals with any non-compliance in this area. So while I appreciate that Mr C is unhappy at the way TSB handled his complaint, I'm afraid that this isn't a matter I can consider or award him compensation for. All I can do is consider whether what TSB agreed to pay Mr C was fair and reasonable in all the circumstances of his case. For the reasons I've already explained, I do think that this was the case.

Overall and having considered everything, while I can understand Mr C's sentiments and appreciate why he is unhappy, I'm satisfied that it wouldn't be fair and reasonable in all the

circumstances of this complaint for me to require TSB to do anything more or anything further. Therefore, I'm not upholding Mr C's complaint. I appreciate this will be very disappointing for Mr C. 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 all the circumstances. I'm therefore not requiring it to do anything more or do anything further and I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 November 2025.

Jeshen Narayanan
Ombudsman