

The complaint

Miss L has complained TSB Bank plc is unfairly reporting a default on her credit file.

What happened

The circumstances of the complaint are well known to the parties so I'm not going to go over everything again in detail. But, to summarise, Miss L had a current account with TSB with a £1,500 interest free overdraft. She said in error she allowed it to fall over its limit in 2023 by a small sum (29p). She said when this happened, she was primarily using another current account. TSB went on to record a default for the debt and passed it to debt recoveries.

Miss L said she didn't receive the letters from TSB about the debt until several months after they were sent because they were posted to her old address. She said when the post was forwarded to her she offered to pay what was needed to avoid further action but TSB said the debt had already been passed to debt recoveries. Miss L said the default was impacting her credit score and ability to apply for a mortgage. She said she thought the action was unfair given the amount in question was so small.

TSB had sent a final response letter saying Miss L's account had moved to its financial support team in March 2023, and that a business decision was made to transfer it to debt recoveries in October 2023. It wrote to Miss L to ask her to repay the arrears and when it didn't receive a response it formally demanded the full sum owed (£1,500.29). When this wasn't paid within 14 days it decided to record a default. It said the information it reported was a true reflection of the account activity.

Miss L decided to refer her complaint to the Financial Ombudsman. One of our investigators sought to mediate with TSB, but it explained that it was not possible to remove the default because it had a duty to accurately report the way the account was managed. Our investigator didn't make any recommendations.

Miss L didn't agree. She reiterated the letters TSB sent about the debt went to a previous address. She said it wasn't possible for her to travel to a TSB branch at the time to update her address and she shouldn't be penalised for that. She said TSB should have made more of an effort to speak to her about the problem. She said it was unfair action was taken over 29p, and that TSB rejected her efforts to pay off the balance when a debt collection agency had been appointed. She said the default was a severe punishment in relation to what went wrong.

As things weren't resolved, the complaint has been passed to me to decide.

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 want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide

matters quickly and with minimum formality. But I want to assure Miss L and TSB that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I first want to say I'm sorry to hear Miss L is unhappy about the default, and the impact it's having on her. I can't imagine how she must feel, but I thank her for taking the time to bring her complaint.

On the one hand, I can understand Miss L's point that the sum that took her over her agreed overdraft was very small – 29p. She's also said she'd changed address by the time TSB wrote to her about the arrears, and that it was made difficult for her at the time to change her address due to the lack of availability of TSB branches in the area. Miss L also feels like TSB should've done more to contact her about the problem. Moreover, a default can have an impact on a customer for several years. And I can empathise that Miss L feels a default is disproportionate given she was only 29p over her limit.

But on the other hand, from TSB's point of view, the account had been going over the agreed overdraft limit regularly in 2023. The arrears were increasing between March and May 2023. It agreed to refund some charges in May 2023 and Miss L paid £100 to the account to bring it back within its agreed limit. By refunding some charges I think TSB were trying to help. And by Miss L paying £100 to the account, it indicates she was aware of the balance. The account went back into arrears in June 2023, so TSB wrote to her several times. TSB said Miss L received a credit and two refunds in August 2023 but the account was still over the agreed limit. It then gave Miss L an opportunity to put things right again, but it warned her if she didn't respond it would take further action, which could include a default. When Miss L didn't take further action, TSB demanded the full sum owed - £1,500.29 and when this wasn't paid it recorded a default.

What I have to bear in mind is that the terms of the account Miss L agreed to say that TSB can ask her to repay the overdraft at any time. I don't think it's required to try all available channels to contact customers when they're in arrears. I'm also conscious that leading up to the more formal demand the account wasn't being used day to day by Miss L, it was regularly going over its agreed limit, and it had already been passed to the financial support team. I think TSB would have had some valid concerns at this point. I think it was Miss L's responsibility to update her address with TSB if she'd moved. TSB sent the sort of letters I'd expect when the account was in arrears and offered forbearance. I think the letters would have been sent automatically, regardless of the level of the arrears. And what I also need to bear in mind is that by the time TSB decided to take more formal action, it wasn't seeking 29p from Miss L, it was seeking the full sum owed to it, of over £1,500. Given the terms I've referred to above, I don't have the grounds to say this was unfair.

I primarily need to consider what happened up to when TSB sent Miss L her final response letter because the events preceding this relate to what it's had the chance to formally consider. I think it responded to her complaint within a reasonable time based on what I've seen. Miss L has also mentioned in her complaint form that it wasn't made as easy as it should've been to pay TSB. It's not clear this was part of her original complaint. But it seems that even if it was, by the time she'd contacted TSB to put things right, the default had already been recorded, and it seems as though TSB had already passed the debt to a debt collection agency. This might explain why TSB needed her to speak to the debt collection agency. I've not seen enough to conclude TSB acted unfairly.

Overall, I'm sympathetic to the situation. Particularly given the sum that primarily triggered the events that happened was so small. But I have to bear in mind that TSB had grounds to seek over £1,500 from Miss L. It's important to stress I'm not saying it would've been fair for

TSB to record a default amount of 29p in this particular case. That is not what happened. For the reasons I've explained, TSB was able to seek Miss L to repay the full balance of around £1,500. TSB followed the sort of process I'd normally expect when reaching the point of demanding full repayment and registering a default. It offered forbearance throughout. It didn't hear back and so it registered a default, which it had warned it could do. So I don't find I have the grounds to direct TSB to take further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 18 February 2026.

Simon Wingfield
Ombudsman