

The complaint

Mr M complains that TSB Bank plc failed to set up a direct debit on his credit card account.

What happened

Mr M is a customer of TSB. In October 2024, he received a text message from TSB offering him a credit card and loan. Mr M says that a member of staff in branch helped him to complete both applications using his mobile phone. Mr M says that the member of staff asked for his bank details to set up direct debits on both accounts.

Some months later, Mr M discovered that his credit card account was in default because he hadn't made the £5 minimum payment by the end of March 2025. Mr M says that he understood that TSB had set up the direct debit to pay his credit card as part of the application process. He doesn't think it fair that TSB has reported a missed payment to the credit reference agencies and reduced his credit limit from £4,000 to £700.

TSB says it doesn't have evidence to support what Mr M says about setting up a direct debit when he applied for the credit card account. TSB says that it produced a statement at the end of February 2025 with a minimum £5 payment due by 24 March 2025. As this wasn't received, Mr M's account fell into arrears.

Our investigator didn't initially uphold Mr M's complaint as he wasn't persuaded that TSB told Mr M that it had set the direct debit up. After Mr M responded to the investigation outcome, our investigator changed his view and upheld the complaint.

Our investigator noted that the loan and credit card applications were each completed in around two minutes. Our investigator thought it unlikely that Mr M could have completed the applications on his mobile phone so quickly without branch support. Our investigator thought it unlikely that having signed up for a direct debit on the loan account, Mr M would not have also signed up for one on his credit card. So, our investigator asked TSB to remove the negative information it had reported before 4 April 2025 and pay Mr M £50 to apologise.

Mr M accepted the proposed outcome, but TSB did not. It asked Mr M to supply the name of the person he spoke to in branch or at least a description so that it could reach out to the branch for their version of events. TSB said it didn't hold CCTV footage of Mr M's visit to branch. TSB said that as Mr M was an existing customer, it wouldn't have taken long to complete the applications. It also pointed out that it was inappropriate for our investigator to comment on Mr M's age when determining how quickly he may have been able to complete an online application.

TSB said that it sent Mr M a statement in February 2025 showing a payment due and that it wasn't reasonable to believe that he could start to use his credit card without then making a repayment.

As the complaint hadn't been resolved informally, it came to me to decide. After considering it, I issued a provisional decision on 3 November 2025, which said:

I realise that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules which govern the Financial Ombudsman, together with the informal nature of our service allow me to take this approach. But this doesn't mean I have not read and considered everything the parties have provided to us.

In cases where the evidence is contradictory or incomplete, I reach my decision on the balance of probabilities – that is what I consider more likely to have happened based on the available evidence. Having considered Mr M's complaint, although I agree with the outcome reached by our investigator, I don't think it goes far enough to put things right and will explain why below.

I accept that customers have a responsibility to monitor their own credit card accounts but in Mr M's case, he has a strong and consistent recollection of what happened when he applied for the account in branch. Despite what TSB says about it telling staff not to handle a customer's personal mobile phone when completing an application, Mr M says this is exactly what happened. When he complained, Mr M even asked TSB for CCTV footage from the day he applied which he says would have shown him handing his phone over to a member of staff. This makes me think that Mr M was confident in his recollection, making it seem more likely that he is being truthful with what he says about his experience in branch.

I appreciate that more recently TSB asked Mr M to supply a name or description of the individual he says helped him in branch, but I am satisfied that Mr M already tried to help TSB identify the individual concerned when he complained in branch. It would have been reasonable to expect TSB to follow this up at the time. So, I don't consider it fair to delay resolving Mr M's complaint further.

Although TSB thought our investigator referred to Mr M's age when deciding to uphold his complaint, he didn't mention it in his view. Instead, our investigator commented that having spoken with Mr M, it seemed unlikely he would have been able to complete an online application in around two minutes. Mr M says himself that he couldn't have completed the application that quickly and that it was a member of staff which did it for him. This seems plausible and reinforces my decision to uphold Mr M's complaint.

I appreciate that Mr M thinks TSB should have notified him when he was due to make a credit card payment, as this has been his experience with other lenders. But I don't think this means it was unfair for TSB not to send Mr M a separate payment reminder over and above his monthly credit card statement. However, like our investigator, I can appreciate that although Mr M may have seen the credit card statement in early 2025, he was working on the understanding that TSB had already set up a direct debit payment, so he didn't need to take further action. Although TSB says that the statement didn't include wording that a direct debit was in place, I'm not sure it's fair to have expected Mr M to be aware of this. It's also relevant that although Mr M opened the credit card account in late 2024, he didn't start using the card until early 2025, making it less likely he would think to follow up on a lack of confirmation that the direct debit had been set up.

For all the reasons set out above, I am satisfied that Mr M wasn't responsible for missing the minimum repayment. This part of my decision isn't provisional – I have considered all the arguments put forward by TSB when reaching my decision, so there's no need for it to make further submissions in response to this aspect of my uphold.

I am giving the parties the chance to respond to what I consider should follow on from my uphold about TSB's failure to set up the direct debit when it opened the account. My understanding is that as a direct result of Mr M missing a payment, TSB reduced his credit limit from £4,000 to £700. As I have found it more likely than not that Mr M missed the payment due to TSB's error, it follows that TSB should go further in putting things right for him.

I can't fairly require TSB to reinstate Mr M's initial credit limit as that is a business decision it is entitled to make. However, I can try to ensure that Mr M doesn't lose out because of TSB's decision to decrease the limit in March/April 2025. This should involve TSB removing any late payment penalties and additional interest charges. TSB should also make sure that it removes any negative information it has reported about Mr M since he missed the payment.

I appreciate that Mr M encountered difficulties when trying to set up a direct debit on his credit card account later in April 2025. TSB hasn't consented to our service considering these difficulties as they post-date Mr M's original complaint. However, because I am persuaded that TSB should already have set up the direct debit when Mr M opened the account, I think it is fair to reflect the inconvenience caused to him by needing to contact TSB about the direct debit in March/April 2025 within my overall award of compensation.

I consider that based on the inconvenience and upset caused to Mr M, £300 compensation seems a fair way to put things right. It sits at the top end of award we might make where the mistake has taken a reasonable amount of effort to resolve. Our approach to awards like this is on our website. For the avoidance of doubt this includes the £50 already recommended by our investigator.

If Mr M hasn't already done so, it would be open to him to appeal TSB's decision to reduce his credit limit and then come back to our service if he remained unhappy with the outcome.

I then set out what TSB should do to put things right for Mr M.

Further submissions

TSB disagrees with my provisional decision. In summary it points out that although I referred to Mr M's account being in default, it has never defaulted. TSB says that Mr M didn't opt to set up a direct debit for his credit card and instead assumed that one had been set up rather than checking this with TSB.

TSB doesn't agree that a member of staff took Mr M's device to complete the applications. It refers to the statement it made about this and asks what evidence Mr M has supplied to support his version of events. TSB says that CCTV wouldn't have verified Mr M's recollection of what took place in branch.

Mr M hasn't responded to my provisional 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.

I am grateful to TSB for its' response but as I said in my provisional decision, I had already considered broadly the same arguments. On the question of the CCTV – the point I made

wasn't necessarily that it would have verified Mr M's version of events but that by asking for it in the first place, I thought it more likely that Mr M was being truthful.

I accept that TSB trains staff not to take customers' devices in branch but based on Mr M's testimony and the speed with which the applications were made, I still think it more likely that a member of staff helped him. So, for the same reasons I outlined in my provisional decision, I am satisfied that Mr M wasn't responsible for missing the minimum repayment in early 2025.

To clarify my reference to Mr M's finding his account in default – I accept that TSB didn't default his account. I was simply reflecting the wording which Mr M used when he made his complaint to our service. I apologise that I didn't make this clear in my provisional decision.

Putting things right

To put things right, TSB Bank plc should:

- Pay Mr M £300 compensation from which it can deduct any compensation already paid in relation to this complaint;
- Remove any negative information it has reported about Mr M to the credit reference agencies since February 2025;
- Refund any late payment or over limit fees which it has applied to Mr M's account since February 2025 together with any associated additional interest charges incurred due to the late payments and/or reduced credit limit.

My final decision

My final decision is that I uphold this complaint and direct TSB Bank plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 January 2026.

Gemma Bowen
Ombudsman