

The complaint

Miss A complains that TSB Bank plc has unfairly defaulted her overdraft account she had with it.

What happened

Miss A had an overdraft account with TSB. The account closed and she said she was unaware that there was an outstanding balance left to pay. Because Miss A didn't repay the outstanding amount, TSB defaulted her account and reported this to the credit reference agencies (CRAs).

Miss A says that TSB should have done more to contact her about the outstanding debt before defaulting her. She's said that she no longer lived at the address TSB were writing to her at. And she's unable to answer calls from unknown numbers for safeguarding reasons.

Miss A states that had she been aware of the potential default, she would have taken steps to pay back the balance as she had the means and willingness to do so.

Miss A adds that the impact of the default has been severe. She says this has prevented her from being able to take out a mortgage.

TSB responded to Miss A's complaint, but it ultimately didn't think it had done anything wrong. It explained the ways it had tried to contact Miss A before defaulting her account. And it didn't think it had been unfair in recording the account as in default.

An Investigator considered the evidence provided by both parties, but they didn't uphold Miss A's complaint. They felt it fair and reasonable for TSB to have contacted Miss A about the default at the address it had on file for her. The Investigator didn't think it was unreasonable of TSB to have defaulted the account in the circumstances.

Miss A didn't agree with the Investigator's view. I have summarised her main points below:

- While she received the closure letter in October 2021, she wasn't aware that there was an outstanding balance at this time. She didn't update her address with TSB because she didn't think she needed to because the account was due to be closed.
- When TSB was sending her final demand letters, she had moved out of the address TSB held for her. And she has explained some very personal circumstances about her situation at the time.
- At the time of the default, Miss A was in a very vulnerable position during a time of crisis.
- If she'd have been aware of the outstanding amount, she would have paid this as she was in a position to do so.

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 evidence available, I've decided not to uphold Miss A's complaint. I appreciate this decision will be very disappointing for her; however, I'll explain how I have reached my outcome below.

Before I do that, I wanted to make it clear 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 Miss A's complaint in considerably less detail than she has. 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 point raised unless I think it's relevant to the crux of the complaint.

In this case then, I can see that TSB let Miss A know that her account was going to be closed in October 2021, and it explained that her account would be closed in 60 days' time. I can see from Miss A's statements that there was an outstanding balance of £181.29. When the outstanding balance wasn't repaid by the time the account closed, TSB wrote to Miss A on 21 December 2021 to let her know that there was an unarranged overdraft on her account, and that she needed to repay this. On 31 December 2021, TSB wrote to Miss A again and asked her to make repayment of the unarranged overdraft. Then on 22 January 2022, TSB wrote to Miss A and explained that if she didn't make repayment of the full outstanding balance within 12 days, it would pass her account to a debt collection agency and information would be reported to the CRAs. When the account wasn't brought back up to date, TSB defaulted the account in February 2022.

Due to some very distressing personal circumstances, Miss A says she moved out of the address TSB had registered for her towards the end of 2021. And because of this, she didn't receive the letters TSB sent her about the status of her account (however, she did say she received the closure letter in October 2021). In addition to this, she says she didn't update TSB with her new address (nor could she given that she didn't have a fixed address after she moved out of her old address) as she thought the account was due to be closed. I accept that it's likely Miss A didn't receive the letters TSB sent her. But ultimately, it is up to Miss A to keep TSB updated with her contact information. Even in the difficult circumstances Miss A was going through, there were likely other ways TSB could have arranged to contact her if it had been aware of the situation at the time. In any event, I've not seen anything to suggest that TSB ought reasonably to have been aware that Miss A wasn't receiving the letters it was sending her. And therefore, I can't fairly conclude that Miss A not receiving the correspondence from TSB was as a result of something TSB has done wrong.

As I understand it, Miss A feels that TSB were too quick to register a default. But in this case, as Miss A says she didn't receive any of the letters from TSB about the status of her account, I don't think it likely the default would have been prevented even if TSB had waited longer to hear from Miss A. Ultimately, the default was registered in 2022, and TSB didn't hear anything from Miss A until 2025; therefore I don't think the time it took for TSB to register the default has made a difference to the outcome of this complaint. In any event, as I think it was fair for TSB to register the default, it wouldn't be in Miss A's benefit to now say the default should have been registered later.

I understand Miss A says that she received the letter from TSB in October 2021, letting her know that it was going to close her account. But she says she wasn't aware there was a balance that was outstanding. TSB hasn't been able to provide me with a copy of the letter from October 2021; but has sent me a template of what it says it would have sent. I'm persuaded this is likely to be very similar, if not the same as the letter Miss A would have received. The letter doesn't explicitly say the value of the outstanding balance, but it does say that if the account is in debit, repayment of the outstanding balance would need to be arranged.

Miss A has also confirmed that her statements were available to her, so she ought to have been aware that there was an outstanding balance. I understand she said that she assumed there wasn't because TSB told her it was closing the account. But I'm persuaded that the letter should have prompted Miss A to check to see if there was anything outstanding, and to make arrangements to pay it. It was also Miss A's responsibility to check the balance of her account and ensure that any balances outstanding were repaid. Therefore, I can't fairly find TSB has done anything wrong here – I'm satisfied that Miss A ought to have been aware there was an outstanding balance, and TSB had done enough to notify her of this by way of providing her with statements.

Miss A has said that TSB's actions made her relationship with it unfair; and this should be considered under Section 140a of the Consumer Credit Act 1974. I can't make the finding that TSB acted unlawfully. But I can consider whether it acted fairly and reasonably in light of the legislation Miss A has referred to. Given that I haven't found that TSB has acted unfairly or unreasonably in any other way; I can't fairly conclude here that it has created an unfair relationship with Miss A in respect of the circumstances of this complaint. I say this because TSB has done everything I would have expected it to when closing and defaulting her account – for example, it notified her it was closing the account (with 60 days' notice) and that any outstanding balance should be repaid, it provided her with statements showing an outstanding balance and it contacted her to ask for repayment on at least three occasions before defaulting the account. There isn't more I could have reasonably expected it to do in the circumstances.

I understand Miss A's circumstances at the time were very difficult, and I am truly sorry to have read about what she was going through at the time. I appreciate that she'll find this decision incredibly disappointing - I can understand why. In reaching my conclusion, I don't wish in any way to downplay or disregard the situation Miss A was in. But being independent means, I have to take a step back and consider what both parties have said. And having done so, for the reasons I've explained, I can't fairly find that TSB has done anything wrong.

My final decision

For the reasons set out above, I don't uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 19 February 2026.

Sophie Wilkinson
Ombudsman