

complaint

Ms S complains that TSB Bank plc mishandled her credit card account.

background

Ms S had a bank credit card on which she paid for payment protection underwritten by an insurer (PPI). By the summer of 2011, her credit card balance was over its limit of about £6,300. In 2016, Ms S complained that TSB had instructed debt collectors without discussing a repayment plan. In its final response letter, TSB told Ms S that it should've sent her account to its recoveries department in 2012. It backdated to June 2012 the default on Ms S's credit file. It refunded about £995 interest and paid £150 compensation. In the meantime – in March 2016 - the PPI paid TSB about £7,500.

The adjudicator recommended that TSB had made a fair offer.

Ms S disagrees with the adjudicator's opinion. She says, in summary, that she has a negative credit file through no fault of her own.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

From the copies I've seen, I'm satisfied TSB sent Ms S formal letters of demand and default notices in 2011 and 2012.

From the letters and the account statements, I'm satisfied that TSB had agreed a repayment plan of £40 per month, but – in early 2012 – Ms S hadn't made such payments.

From the account statements, I see that the bank carried on charging for PPI until it cancelled it in about March 2012.

Later in 2012, Ms S made some larger payments.

But I think the payment plan lapsed.

The bank carried on charging interest until about March 2013 when it stopped.

Ms S contacted the Financial Ombudsman Service in 2013. She has referred to an email an adjudicator sent her in December 2013. It said she hadn't made a claim on her PPI and suggested that she should do so.

In early 2016, the PPI insurer paid the bank about £7,500.

I think Ms S takes the view that this should've happened much sooner. But I think it was Ms S's responsibility to pursue a claim with the insurer if she thought she was covered. So I don't share her view that the payment of £7,500 is evidence that the bank should've taken steps to get the money sooner.

From its file, I'm satisfied that the bank tried to contact Ms S to discuss a payment plan before it instructed debt collectors in late 2015. I can't say that it was unreasonable for the bank to ask for payment in this way.

The bank notices in 2012 warned Ms S that the bank would register a default on her credit file. That's standard practice where the normal operation of an account has broken down. So I don't share Ms S's view that it was unfair.

But the bank didn't register the default until 2015. It has apologised for the delay. I think the bank has done the right thing by backdating the default to June 2012. This means that the registration will now expire in 2018. I accept that in the meantime it will continue to affect Ms S's ability to get a mortgage or car loan.

The bank refunded about £995 in interest to Ms S's credit card account. From the account statements, I'm satisfied that this was enough to cover the interest it had charged between about June 2012 (when it accepts it should've stopped charging interest) and about March 2013 (when it actually stopped charging interest).

I've thought about how Ms S would've suffered less if the bank had – in about May 2012 – registered a default and stopped charging interest. I can see that Ms S would've had a smaller debt hanging over her.

But overall I think the bank's payment of £150 is enough to compensate Ms S for the extra upset and trouble caused to her at an already difficult time by the bank's delay.

Ms S says she has no access to the credit card account. And I think that – after the payment of about £7,500 and the refund of about £995, the account should be in credit to Ms S. So I expect TSB to send Ms S a statement of receipts and payments and a payment of any balance due to her.

I don't think it would be fair and reasonable to order TSB to do any more in response to this complaint.

my final decision

For the reasons I've explained, my final decision is that I make no order against TSB Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 3 January 2017.

Christopher Gilbert
ombudsman