

complaint

Mr D complains that TSB Bank Plc closed his account without providing proper notice or giving reasons for its decision.

He complains too that the bank registered a default marker with credit reference agencies.

background

In April 2017 TSB took the decision to block and then close Mr D's accounts. At the time Mr D's savings account was in credit, but his current account was overdrawn. TSB lifted the block to allow him to withdraw money from the savings account.

In August 2017 TSB wrote to Mr D to say it would be closing the current account and to demand repayment of the outstanding overdraft. Mr D complained about the blocking of the accounts and the decision to close them. In a letter of 5 September 2017 TSB said that it had explained the position in April and that formal demand for repayment had been made in August 2017. The letter said too that TSB would refund the charges that had accrued from April, but that it required repayment of the balance due on the account. It would send a cheque for the charges refund.

The letter of 5 September 2017 also said that it was TSB's last word on the matter and that Mr D could refer his complaint to this service if he wished to do so – but he would need to do that within six months.

In July 2018 Mr D found out that TSB had applied a default marker to his credit file. He thought this was unfair and complained to the bank. In November 2018 he referred the matter to this service.

One of our investigators considered what had happened. In summary, he concluded:

- The complaint about the closure of the account had been referred to this service more than six months after the letter of 5 September 2017. That meant that we had no power to consider it.
- He didn't think TSB had treated Mr D unfairly by registering the default.

Mr D didn't accept the investigator's conclusions and asked that an ombudsman review them.

my findings

account block and closure

The rules under which I must consider Mr D's complaint are set out in the Financial Conduct Authority's Handbook, and specifically in that part of the Handbook dealing with dispute resolution – known as DISP rules. The DISP rules include rules about the extent of my powers to decide complaints, including rules about time limits.

DISP 2.8.2 says that I cannot generally consider a complaint which is referred to the ombudsman service more than six months after the date on which the financial business complained about has issued its *final response*. That's a term defined in the Handbook, meaning a written response that acknowledges the complaint, provides a response to it and

indicates that the complaint should be referred to this service within six months. I'm satisfied that TSB's letter of 5 September 2017 met that definition.

I note that TSB sent a second final response in January 2018, this time dealing with the refund of interest and charges and a query about paying off the overdraft. Again, it met the relevant definition.

Mr D didn't refer his complaint to us until November 2019, some months outside the relevant time limit.

I can disregard time limits in some cases – for example, where the delay in referring the complaint to this service is the result of exceptional circumstances. But I don't believe there are any in this case. It follows therefore that this part of Mr D's complaint was referred to this service out of time and that I therefore have no power to consider it.

registering a default

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I have however reached broadly the same view as the investigator did, and for similar reasons.

Mr D has says that he hadn't missed any payments and that his overdraft was within the agreed limit when TSB demanded payment. An overdraft is a debt; but it doesn't operate in the same way as a loan or credit card, for example. It doesn't require regular fixed or minimum payments. The overdraft was payable on demand; that is, TSB was entitled to ask Mr D to repay it in full simply by giving notice to him. At that point, he owed the money he'd borrowed from the bank.

TSB contacted Mr D about repaying the overdraft on several occasions, but it didn't receive payment. In the circumstances, I don't believe it treated Mr D unfairly by registering a default or by passing the debt to debt collectors. It may be that they can arrange a suitable repayment plan, but I can't properly say that TSB acted unfairly.

my final decision

For these reasons, I've decided that the Financial Ombudsman Service has no power to consider Mr D's complaint about the blocking and closure of his accounts or the refund of interest and charges.

In respect of Mr D's complaint about the registration of a default, my final decision is that I don't require TSB Bank Plc to take any further steps to resolve it. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 April 2020.

Michael Ingram
ombudsman