

complaint

Mrs G complains about information provided to credit reference agencies by TSB Bank plc. She's also unhappy TSB Bank plc haven't defaulted her account with them.

background

Mrs G has a current account with TSB.

In March 2016, Mrs G's account was overdrawn by more than £2,500. TSB asked Mrs G to repay the money. In October 2016 she paid the first instalment of a repayment plan agreed with the bank through a debt management charity.

Given that she's continued to repay her debt as agreed since then, Mrs G is unhappy that her credit reference file suggests she's in arrears – and has been since around June 2016.

She also thinks it's unfair that TSB didn't default her account in 2016. She had a number of other accounts at the time which were defaulted. Although those defaults show on her credit reference file, they will only do so for six years in total.

Mrs G thinks the credit reference information provided by TSB has prevented her from getting a mortgage.

Mrs G complained to TSB. They didn't uphold her complaint.

They said the information they'd provided to credit reference agencies was accurate. They said they weren't aware of the arrangement made to repay the debt via the debt management charity. And they said they were happy to close the account once the debt had been paid off in full.

Mrs G wasn't happy with that response and complained to us. Our investigator looked into it and thought TSB had done nothing wrong.

Mrs G disagreed and asked for a final decision from an ombudsman.

my findings

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

The Information Commissioner's Office (ICO) gives advice about when defaults should be registered. In their view, a default *may* reasonably be registered once a customer is three months behind with their repayments. And a default *should* be registered by the time the customer is six months behind.

I have to decide whether TSB have acted fairly and reasonably in the way they've handled Mrs G's account. So I'm not strictly bound by the ICO's guidance. And there may be exceptional circumstances where applying it to the letter isn't the right thing to do.

But in the absence of any such exceptional circumstances, it would be very difficult for me to come to the conclusion that TSB had acted unfairly or unreasonably if they were following the ICO's guidance.

TSB began to ask Mrs G to repay her overdraft in around June 2016, as they were entitled to do and as per the terms and conditions of the account. They issued an enforcement notice in July 2016.

Mrs G began making payments under the newly agreed repayment arrangement in October 2016 – more than three but less than six months later.

Given that background, I'm satisfied it was for TSB to decide whether they defaulted Mrs G's account in the period *after* three months but up to the point at which the repayment plan was agreed.

At the point the new repayment arrangement was agreed, and given that a default hadn't already been registered, we wouldn't expect TSB to default the account. A repayment plan was now in place and it would be unfair to default the account in those circumstances.

Other lenders may have made different decisions, but that doesn't mean TSB have to follow the same path. In the circumstances, they were entitled to default the account or not as they thought best up until the point the new repayment arrangement was agreed.

I also think it's slightly odd that Mrs G should complain *now* that a default should have been the outcome when she voluntarily entered into the repayment agreement in October 2016 as a means to settle her debt to TSB.

In any case, I can't conclude that TSB have acted unfairly or unreasonably in choosing not to default the account and in allowing Mrs G to enter into a long term repayment agreement. They were entitled to take that course of action, in my view.

Mrs G's credit reference file shows her TSB account with a code which suggests that since around June 2016, she's in arrears on her original agreement, but has "*agreed new repayments with the lender to bring the account back into order*".

That seems to me to be an accurate reflection of the position. Mrs G didn't repay the debt when she was originally asked to do so – and she was over £2,500 in debt to TSB – but she has now come to an agreement with them to repay the debt over an extended period of time.

So I don't think any potential lender would be misled about the truth of the situation when they read Mrs G's credit reference file. If Mrs G thinks the recorded information doesn't give enough detail about her particular circumstances, she's entitled to add a note to the file which explains her position as she sees it.

I'm afraid I don't accept that the credit reference information provided by TSB is the reason for Mrs G not being able to get a mortgage.

There's no doubt that information negatively affects her credit rating. It would do, she owes them a significant amount of money and couldn't pay it back when requested in line with the relevant terms and conditions.

However, there's another account from a different lender with the same late payment code on Mrs G's file. And several accounts which are recorded as defaulted.

It's not for me to guess the reasons for the decisions made by potential lenders, but I can say the information about her TSB account is not the only information which is affecting Mrs G's ability to obtain credit.

I should say that TSB handled Mrs G's original complaint to them badly. They denied knowing anything about the debt repayment arrangement despite the fact it has been agreed with them and had been in place since October 2016.

I can understand Mrs G's frustration about that, but I don't think it has materially altered her situation. The fact is that she does owe money to TSB which she didn't pay back when asked. That – and the fact she's arranged to pay it back over time – is accurately recorded in her credit reference file.

In summary, I can't conclude that TSB have acted unfairly or unreasonably towards Mrs G in the way they've handled her account or in their reporting of (accurate) information to credit reference agencies.

my final decision

For the reasons set out above, I don't uphold Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 31 August 2019.

Neil Marshall
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