

complaint

Mr C has complained about TSB Bank plc's cancellation of his credit cards.

background

Mr C held two credit cards with TSB, a 'TSB Avios' card and a 'TrustCard'. In March 2017 Mr C called TSB to talk about his cards after having received a letter. Following the call, both credit cards were cancelled.

Mr C complained. He said he'd only wanted his TSB Avios card to be cancelled. TSB accepted both cards had been cancelled by mistake. It offered Mr C £75 for the inconvenience. TSB transferred the compensation to Mr C's account, but he complained that he hadn't accepted this. So, TSB took the money back out of the account.

Mr C asked us to look into his concerns. He said he'd used the TrustCard for business purposes and now that he no longer had it, this would place a strain on his business. He also told us he was struggling to get another credit card.

The investigator didn't think TSB needed to do anything more to put things right. This was because TSB had said Mr C hadn't used the TrustCard since February 2009 and it had a zero balance. So, he thought the compensation offered was reasonable.

Mr C disagreed. He said his credit rating had been destroyed as a consequence of the cards being cancelled. Mr C also told us he'd only been offered one credit card with a high interest rate since his cards were cancelled. He didn't think this could be a coincidence.

The investigator asked TSB whether it had recorded any information on Mr C's credit file that might have impacted his credit rating. TSB confirmed it hadn't registered any adverse information. So, there was no evidence to suggest the closure of the cards had affected Mr C's credit rating. The investigator explained this to Mr C. He said if Mr C obtained a copy of his credit report and this showed TSB's action had had an impact, he would look into things further.

As no agreement could be reached, the complaint was referred to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I think TSB has offered Mr C fair compensation. So, I don't think it needs to do anything more to put things right.

TSB accepts it made a mistake when it cancelled Mr C's credit cards. It says the representative shouldn't have arranged the cards to be cancelled over the phone. This is because its usual process is to ask customers to cancel cards in person in a branch. TSB also explained that the representative Mr C spoke with didn't make it clear that by cancelling the TSB Avios card, his TrustCard would also be cancelled.

As it isn't in dispute that there was a mistake, my role is to consider the impact this mistake has had on Mr C.

Mr C told us that he used the TrustCard in connection with his business. And because he no longer had the card, he would have to use his current account for business purchases. But TSB provided us with evidence showing that Mr C last used his TrustCard in February 2009 and since then, it had had a zero balance. So, I haven't seen enough to say this has had an impact on Mr C's business, as it doesn't appear he'd been using this card at all. TSB offered Mr C £75 for the inconvenience. And overall, I think this offer is fair compensation for the mistake.

I understand Mr C can't apply for a new credit card with TSB at the moment. This is because after cancelling a credit card, customers can't apply for another for six months. But it is open to Mr C to apply for a card with another provider.

Mr C has told us that TSB's cancellation of his cards has affected his credit rating. And this has reduced the number of credit cards offered to him. TSB says the cards were closed with zero balances and that neither had defaulted. So, it hadn't recorded any adverse information. It couldn't say why Mr C hadn't been offered as many cards as before. But, it didn't think it could be held responsible.

My understanding is that the closure of a credit card account, whether this was by a customer or the business, wouldn't affect a customer's credit rating. I've taken into account what Mr C has said and I appreciate the timing involved. But on balance, I haven't seen enough evidence to say TSB's actions have had a negative impact on Mr C's credit file.

my final decision

I'm aware that TSB Bank plc has made an offer to pay £75 to Mr C. I conclude that such an offer is fair and reasonable in all the circumstances. My decision is that TSB Bank plc should pay Mr C £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 July 2017.

Hannah Wise
ombudsman