

Complaint and background

Mrs N and Mr T first raised a complaint with our service in August 2018. This was due to the IT issues TSB faced at the end of April 2018. Mrs N and Mr T said their statements were showing incorrect amounts and this led to them going over their overdraft limit and incurring additional phone charges. Our adjudicator recommended £150 compensation, plus £138.91 for financial losses. Both Mrs N and Mr T and TSB agreed to the recommendation and the case was closed.

Mrs N and Mr T have since opened a new complaint against TSB. They've said they switched their account from TSB to another provider in August 2018 and are being chased by TSB for an outstanding debt they don't believe they owe. This has led to TSB passing the debt to a third party and applying a default to their credit file without warning.

Our adjudicator looked into the complaint. She thought TSB had correctly applied the default and that there was no evidence the outstanding debt was incorrect. Mrs N and Mr T disagreed and said TSB had placed a block on post being sent to their house so they didn't receive any letters about the debt.

Because the complaint couldn't be resolved informally, it's been passed 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 carefully considered everything available to me, I think TSB has acted correctly and applied a default on the account appropriately. I'll explain my findings.

In August 2018, Mrs N and Mr T closed their joint account with TSB and transferred it to a new provider. They had a remaining overdraft debt of £718.10 on the account that needed to be repaid. I appreciate Mrs N and Mr T have said they disagreed with the amount outstanding as they felt some payments had gone missing during the IT issues TSB had. But they haven't been able to provide any evidence of missing payments or highlight the individual payments they feel went missing. And I think it's unlikely they suspected the entire amount of £718.10 wasn't owed by them, so I see no reason why they couldn't have agreed a repayment plan to begin partially repaying the debt.

Mrs N and Mr T have said they refused to pay the debt because they had an ongoing complaint against TSB. I've thought about this, but I can see the offer for the original complaint was accepted by them and sent via cheque by 5 September 2018, whereas the default wasn't applied until 8 December 2018. So I can't agree the complaint was still ongoing when the default was applied. And even if a complaint was ongoing, TSB are required to report a true and accurate reflection of an account with the credit reference agencies. And if a debt that is owed is not repaid, TSB should be reporting this, which is what they did.

Mrs N and Mr T say TSB placed a postal block on their address during part of last year so it's possible they didn't receive the default letters that TSB were required to send. TSB has checked its internal system and hasn't found any postal blocks on the account. It has also been able to produce letters sent to Mrs N and Mr T on 18 September 2018, 16 October and

21 November as well as contact notes showing these were sent. There are also telephone notes from 20 October in which Mrs N called to discuss the letter she received about the debt. So I'm satisfied Mrs N and Mr T were able to receive post at that time and I think it's more likely, considering this and the letters TSB has been able to produce, that they received the default notice.

I appreciate Mrs N and Mr T's strength of feeling, but I can't see that TSB has made an error in chasing the debt or applying a default to the account when it was clear the relationship had broken down between them and Mrs N and Mr T. And I think TSB did enough to communicate with Mrs N and Mr T during this time. So I don't think it needs to remove the default from Mrs N and Mr T's credit files.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr T to accept or reject my decision before 20 September 2019.

Rebecca Norris
Ombudsman