

complaint

Mrs R complains that TSB Bank plc recorded incorrect information on her credit reference file after she had settled a debt.

background

Mrs R entered into a Debt Arrangement Scheme (DAS) in 2011, which included her TSB credit card. She maintained her agreed repayments for the duration of that scheme and her debt to TSB was settled in October 2017. Mrs R complains that her credit reference files (CRF) continued to record adverse information about her TSB account for the months following that settlement date stating that the account remained in default, had outstanding balances and that she was 6 months late with her payments. She therefore complained to TSB.

At that time TSB was struggling with a very large number of customer complaints resulting from changes to its computer system. As it knew it would be unable to respond to Mrs R's complaint in a reasonable timescale it told her she could act as if it had done so and refer her complaint directly to us, which she did.

Our investigators produced a number of different views on the complaint in the light of additional information provided by both Mrs R and TSB. But the investigator's final view was that TSB had incorrectly recorded information on Mrs R's CRF beyond the settlement date. He said that TSB should amend that incorrect information.

TSB disagreed and asked for an ombudsman's decision. In summary it said that having referred the matter to its data disputes team it was confident that the information it had reported on Mrs R's CRFs was correct.

my findings

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

It is perhaps helpful if I first give a brief description of a DAS as it was at the time that Mrs R agreed hers. It was a scheme set up under legislation by the Scottish government that was available to Scottish residents. It allowed individuals (debtors) struggling to repay their debts to repay these by affordable monthly repayments over an extended period of time. Debtors made a single monthly payment into the DAS, which the scheme manager then distributed to creditors.

During the DAS all interest, fees and charges on the debt were frozen, and ultimately they were waived on satisfactory completion of the scheme. Debtors repaid their debts in full albeit over an extended period of time. But because the legislation stated that DAS administrators could charge fees of up to 22%, to be deducted from the amount paid into the DAS by debtors, creditors might actually receive only 78% of the amount initially owed. Nevertheless the rules of the scheme stated that creditors should treat the debt as settled at the end of the DAS, and debtors could no longer be held liable by creditors.

Mrs R's TSB credit card was included in a DAS set up in 2011. TSB has accepted that as fact although it says it cannot find records from that date as the credit card was with Lloyds TSB at that time.

From the documents I have seen I am satisfied that under the DAS Mrs R's debt to TSB was settled in October 2017, and her CRF reflects this. And so under the terms of the DAS Mrs R was no longer in debt to TSB after October 2017, and any subsequent report to the credit reference agencies should have been consistent with that fact. But I can see from Mrs R's Experian CRF generated in November 2019 that for many months after October 2017 TSB continued to report an outstanding balance on her account and that she was 6 months late with her payments. That information is incorrect.

TSB has provided us with many different and inconsistent explanations about why it has reported that information. These include *'I can confirm that the default would be placed at the end of the DAS'* and *'As Mrs R only paid 90% of her debt then the account is only partially settled.'* With respect to the former TSB had indeed recorded Mrs R's account as being in default in October 2017 at the end of the DAS. But following our involvement the bank has now removed that incorrect information.

And with respect to TSB's second point about the debt being only partially settled I consider the bank to be wrong. Mrs R successfully completed her DAS, which means that she is considered to have repaid her debt in full. But because the DAS administrator was entitled to charge fees for managing the scheme, and to deduct that sum from the amount paid to TSB, the bank will not have received 100% of the sum owed. But that does not alter the position that under DAS rules, TSB must treat Mrs R's debt as settled and not partially settled.

TSB must therefore amend the information it has reported to credit reference agencies.

my final decision

My decision is that TSB Bank plc must amend the information it has reported about Mrs R to credit reference agencies to reflect the fact that she settled her debt in October 2017. Beyond that date her file should therefore not show either an outstanding balance or that she is late with payments.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 3 March 2020.

June Brown
ombudsman