

complaint

Mr B complains that, despite twice agreeing to remove a default from his credit file, TSB Bank plc still hasn't done it.

background

In 2014 Mr B disputed some transactions on his account, which TSB refunded. It then reversed these, which took the account over its overdraft limit. A few months later TSB closed Mr B's account, referred it to its recoveries team and registered a default on his credit file. The debt remained. Following a complaint, TSB agreed to remove the default (and pay £100). It didn't do so and, because the debt wasn't repaid, it has continued to record adverse information each month.

TSB has said that it didn't make a mistake in closing the account but agrees that it didn't remove the default as it said it would. In 2015 it said, again, that it had arranged to remove the default and it also wrote off the debt. It paid £160 to cover Mr B's costs, allowing him to monitor the removal of the default from his credit file, and for the inconvenience it had caused. TSB didn't remove the default.

The adjudicator recommended that this complaint should be upheld. He said that TSB had twice said it had removed the default and had even paid compensation for its delay in doing so. And Mr B had agreed to this in full and final settlement of his complaint. He felt that TSB should now remove the default as it had previously agreed.

TSB disagreed. It said that it won't remove the default because it shouldn't have told Mr B it was going to do so and he made no attempt to repay the debt. The default accurately records how Mr B managed his account.

my findings

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

TSB says that, in 2014, Mr B would have exceeded his overdraft limit, despite the transactions he disputed, and he made no attempt to repay the debt. So it wasn't wrong to close the account, pass it to its collection team and record a default. But it also accepts that its fraud team provided poor service, in not sending the fraud form to Mr B's address, which resulted in it re-debiting one of the transactions. This took the account over Mr B's agreed overdraft limit.

A month later, a second disputed transaction was re-debited to Mr B's other account taking that overdrawn. When his salary was credited, this second account returned to credit. Mr B needed to withdraw his salary but didn't have an agreed overdraft on this account so TSB agreed to temporarily increase the limit on his other account so he could do so. In the circumstances, I don't consider that Mr B exceeded the limit without TSB's authority.

Mr B didn't use his account for four months and charges were debited. TSB closed the account by transferring it to its collections department. It also registered a default. Mr B complained and TSB said that the account shouldn't have been passed to collections or been closed. It agreed to remove the default as a matter of urgency. It didn't do so and the debt remained.

Following contact from debt collectors, Mr B again complained to TSB. It says that it probably shouldn't have agreed to remove the default from Mr B's credit file but, having said it would, it agreed to do so again. It also agreed to write off the debt and show the account as settled. At that time it paid £160 in compensation, which included £30 to allow Mr B to monitor the removal of the default.

TSB is now refusing to remove the default. It feels that as Mr B had run up the debt and made no attempt to repay it, then it is required to record this information as a genuine default with the credit reference agencies. I don't agree. In 2014 TSB agreed that Mr B could exceed his overdraft limit, so the account wasn't in default. The bank has also said that it shouldn't have closed the account to collections. It agreed to remove the default at that time because it had made a mistake. I also find that a month later TSB opened another account for Mr B. I don't think it would have done this if TSB thought Mr B had a bad debt in excess of £1,000. So, if TSB is now to put Mr B back into the position he was in, the account would have remained opened and no default would have been registered. It could then have agreed a way forward with him.

In 2015 TSB accepted that it hadn't done what it had agreed to do in 2014 and this time it said that not only would it remove the default, but it would write off the debt, show it as satisfied and pay Mr B compensation. I understand that TSB feels that it must record information with the credit references that reflects the way a customer manages their account. But I'm not persuaded that leaving the default on Mr B's file truly reflects what has happened. His account wasn't in default in 2014 so I'm satisfied that the default should be removed.

TSB has already paid Mr B a total of £260 and written off the debt for the mistakes it has made. I consider this to be fair and reasonable.

my final decision

My final decision is that I uphold this complaint. I require TSB Bank plc to remove the default as it agreed to do in 2014 and show the debt as satisfied in 2015 when it was written off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 April 2016.

Karen Wharton
ombudsman