

The complaint

Mr R complains that TSB Bank plc trading as TSB unfairly recorded a default on his credit file.

What happened

Mr R had a current account TSB. In August 2022 Mr R completed a current account switch to another bank but the full balance of his existing account with TSB wasn't repaid. As a result, in November 2022 Mr R agreed a payment plan to repay the outstanding balance.

Mr R made his first payment but it wasn't initially credited to the account. On 28 November 2022 Mr R spoke with an agent at TSB and was advised his payment had gone into a holding account. The payment was located and applied to Mr R's account balance. The agent advised Mr R to include his sort code and account number as the reference on future payments.

Mr R made his payment in December 2022 and has told us he used his name as a reference. On 26 January 2023 Mr R made another payment using his name as the reference. But the payment wasn't credited to Mr R's account and TSB contacted him on 3 February 2023. During the call, Mr R confirmed he'd made the payment from his new bank account.

During Mr R's calls with TSB, agents explained that as his payment hadn't been received in line with the payment plan he'd agreed it had failed. As a result, TSB said Mr R would need to complete a new assessment to set up a new payment plan. Mr R's explained that setting up the original payment plan in November 2022 was time consuming and he didn't want to have to go through the same process given he'd made the payment. It subsequently came to light Mr R's use of his name as the reference meant the payment he sent wasn't credited to his account.

Mr R made up the payment which was received by TSB on 6 February 2023. On the same day, TSB called Mr R to discuss his account and arrange a new payment plan. During the second call, TSB recorded Mr R intended to call back but no further contact was received.

Mr R continued to make payments in line with the payment plan agreed in November 2022. But TSB sent Mr R a letter on 21 February 2023 explaining he needed to clear the balance or call to discuss options otherwise there would be an impact to his credit file. As no further contact from Mr R was received TSB it issued another letter on 15 March 2022 explaining the account balance was due and a default had been recorded.

TSB issued a final response to Mr R's complaint but didn't agree it had made a mistake or acted unfairly. TSB said Mr R's payment plan was broken when it failed to receive the January 2023 payment as expected. As a result, TSB said it needed to go through the process of setting up a new payment plan with Mr R before it could agree to accept further payments on the same basis.

An investigator at this service looked at Mr R's complaint. They weren't persuaded TSB had

acted unfairly by closing Mr R's account and recording a default and didn't uphold his complaint. Mr R asked to appeal and said TSB had failed to advise him it wouldn't put the matter on hold whilst it investigated his complaint. Mr R added that if TSB had advised the matter wasn't on hold he would've made a payment to clear the balance or agreed another payment plan. Mr R also reiterated that he'd made a payment in January 2023. As Mr R asked to appeal his complaint has been passed to me to make a decision.

What I've decided – and why

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

I can appreciate that Mr R feels TSB's decision to record a default on his credit file was unfair, especially as he made a payment on 26 January 2023. But, I have to take all the available information into account when deciding whether TSB has made a mistake or treated Mr R unfairly. And I think it's fair to say that TSB has provided consistent information to Mr R during the matter in question.

When Mr R set up the payment plan his first payment wasn't automatically credited to his account. As a result, Mr R spoke with TSB on 28 November 2022 and his payment was located in a suspense account and applied to the outstanding balance. During the call, the agent Mr R spoke with specifically said that going forward he should use his sort code and account number as the reference so it could be credited to his balance without delay. I've listened to the call and I'm satisfied TSB's agent gave clear guidance on how to make the payments.

Mr R has pointed out his December 2022 payment used his name as a reference and was successfully applied. But I think the fact the January 2023 payment was not shows that using anything except the account details could lead to payments being lost and delays.

I also think it's fair to say that TSB didn't immediately apply the default to Mr R's credit file. On 3 February 2023 TSB's agents explained Mr R would need to set up a new payment plan. I appreciate Mr R was unhappy with that response. But as the payment wasn't received as agreed, I'm satisfied TSB was reasonably able to ask Mr R to revisit the payment plan he'd previously agreed. I can see that TSB called Mr R back twice on 6 February 2023. One call wasn't answered and during the other, Mr R advised he was driving and unable to speak. No call back was received.

I note TSB sent Mr R a letter on 21 February 2023 explaining no payment plan was in place and asking for either immediate repayment or contact to discuss the outstanding balance. Whilst I can see Mr R continued to make payments, I'm satisfied TSB confirmed the status of his account and that urgent action was required. Without further contact or a full payment from Mr R, I'm satisfied it was fair to TSB to review the account and take the decision to apply a default.

Mr R's explained he expected TSB to place the matter on hold when he raised a complaint. But I've not seen anything that shows TSB agreed to place collections activities on hold and I'm satisfied the correspondence it sent him confirmed he needed to urgently get in touch or make a payment.

I'm very sorry to disappoint Mr R but as I haven't found evidence that shows TSB made a mistake or treated him unfairly I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 January 2024.

Marco Manente
Ombudsman