

## **The complaint**

A limited company, which I'll refer to as 'H', is unhappy that TSB Bank plc used a portion of its Bounce Back Loan ("BBL") funds to reduce H's overdraft balance.

H's complaint is brought to this service by one of its directors, whom I'll refer to as 'Mr M'.

## **What happened**

H has a business current account ("BCA") with TSB which had an £8,000 overdraft facility. In May 2020, H successfully applied for a £20,000 BBL, and it received the loan funds into its TSB account on 21 May 2020.

Shortly afterwards, Mr M noticed that TSB had reduced H's overdraft facility from £8,000 to £500, effectively using £7,500 of H's BBL funds to reduce H's overdraft debt. Mr M wasn't happy about this, and he also wasn't happy that TSB wouldn't reinstate H's £8,000 overdraft facility, so he raised a complaint on H's behalf.

TSB responded to Mr M and explained that H's overdraft facility expired on 24 May 2020, which was three days after H had received the BBL funds into its BCA. TSB also confirmed that H's application to reinstate the overdraft facility of £8,000 had been declined by TSB following a credit reference agency search conducted as part of the application process. As such, TSB didn't feel that they'd acted unfairly towards H and so didn't uphold H's complaint. Mr M wasn't satisfied with TSB's response, so he referred H's complaint to this service.

One of our investigators looked at this complaint. But they felt that timing of the overdraft expiry in relation to the receipt of the BBL funds had been coincidental, and they didn't feel that TSB had acted unfairly in how they'd managed the situation. Mr M remained dissatisfied, so H's complaint was escalated to an ombudsman for a final 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. This means that it isn't within my remit here to declare that TSB have or haven't acted in a non-regulatory or unlawful way.

Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the circumstances and factors of a complaint into consideration.

I also note that Mr M has provided several detailed submissions to this service regarding H's complaint. I'd like to thank Mr M for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I

consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr M notes I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both H and TSB. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr M feels that TSB have knowingly taken £7,500 of H's £20,000 BBL funds to reduce H's overdraft debt with TSB. But having considered all the information and evidence available to me here, I don't feel that this was the case. Instead, I feel that the fact that H's overdraft facility expired three days after H received the BBL funds was a quirk of timing and therefore coincidence, rather than being any deliberate act instigated by TSB.

I'm also not convinced that what's happened here has been of detriment to H as Mr M contends. This is because H's overdraft facility was always going to expire on 24 May 2020. And so, if H hadn't received the BBL funds into its account when it did, H would have been a notably worse position than what transpired, being with a greatly reduced overdraft facility and being suddenly in a large unauthorised overdraft position which would have been reported to H's credit file accordingly. And – if H couldn't reach an agreement with TSB on how to clear the unauthorised overdraft balance – recovery activities may have been commenced against H for the unauthorised overdraft balance by TSB around that time.

Mr M has explained that he wasn't aware that H's overdraft facility was expiring, having not received any letters from TSB about the impending expiry, and says that he would have renewed the overdraft facility had he known that he needed to do so. But TSB have demonstrated to my satisfaction that these letters were sent, and that they were sent to the correct address. And so, if H didn't receive those letters, then this isn't something which I'd consider holding TSB accountable for – given that the delivery of correctly sent letters is undertaken by a postal service and isn't something over which TSB have direct control.

Additionally, it must be recognised that an overdraft facility isn't a 'right' that a company has but is entirely at the discretion of the lending bank. And TSB have explained that when Mr M did apply for H's overdraft facility to be reinstated in June 2020, the month after it was reduced, the application was declined because of adverse information obtained from the credit file review undertaken as part of that application process.

As such, if Mr M had received the letters sent by TSB and had applied for a renewal of H's £8,000 overdraft facility before it expired, I feel it's unlikely that the renewal application would have been successful – for the same reason the later application was unsuccessful – and that H's overdraft facility would still have been reduced to the £500 limit it presently sits at.

Mr M is unhappy that TSB didn't phone H to advise of the expiring overdraft facility. But I wouldn't expect TSB to call all its overdraft facility holders in the way that Mr M suggests here, and I note that H's preferred contact method is listed with TSB as being by post.

Mr M is also unhappy that when he tried to call TSB, he was unable to get through due to excessively long hold times. Mr M has explained that he feels this may have been because of the impact of the emergence of the Covid-19 pandemic in 2020, which may have meant that many of TSB's employees were working from home in ad-hoc arrangements.

Mr M was asked by our investigator to provide this service with his phone records of any calls he made to TSB but to date he hasn't done so. However, I feel that Mr M's speculation may be accurate here.

But I also feel that if it were the case that TSB were struggling to answer calls quickly because of the change in working practices mandated by the emergence of the Covid-19 pandemic in 2020, that this isn't something I'd consider it fair to hold TSB accountable for. Instead, I'd consider any long hold times experienced by Mr M at that time to be an unfortunate consequence of an unprecedented event. And given the context and unforeseen nature of that event, I wouldn't consider it to be an instance of unfair customer service.

All of which means that I don't feel that TSB have done anything wrong here or acted unfairly towards H as Mr M contends. And it follows from this that I won't be upholding this complaint or instructing TSB to take any further action here. I realise this won't be the outcome Mr M was wanting, but I hope he'll understand, given what I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 8 August 2023.

Paul Cooper  
**Ombudsman**