

The complaint

Miss G complains that TSB Bank plc closed her current account without providing a reason or giving her a reasonable opportunity to make repayments to reduce the balance on the account. Miss G says this resulted in adverse credit information being recorded against her.

What happened

TSB wrote to Miss G in January 2023 and said it had decided to close her current account in two months' time – 17 March. At the same time TSB sent an email to Miss G saying it had cancelled text alerts and internet access to the account as requested by Miss G. Miss G called TSB and attempted to make arrangements to pay off the balance on the account and was told she would need to attend a local branch to do this. Miss G has a disability that prevents her from attending a branch. Miss G attempted to raise a complaint with TSB on the telephone, but TSB didn't record the complaint. Miss G complained again in February and TSB partially upheld the complaint and apologised for not telling Miss G that she could appeal the closure of the account.

Miss G raised further concerns with TSB that it told her in April she couldn't set-up a repayment plan because the account was due to close, and that it persisted in telling her she should attend a local branch. Miss G was concerned that her credit file would be affected. TSB apologised that it didn't tell Miss G she could've called another department to make a payment, and that the email it sent in January had caused confusion. TSB enclosed a cheque for £25 for the poor communications it sent to Miss G.

Miss G brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that the payment of £25 TSB had already sent to Miss G didn't recognise Miss G's vulnerability and didn't deal with her sympathetically. The Investigator thought that TSB should pay Miss G £150 in total to resolve the complaint.

Miss G asked that an Ombudsman decides the complaint.

As I reached a significantly different outcome to that of the Investigator, I decided to issue a provisional decision and ask for comments from Miss G and TSB Bank Plc. I said I would look at any more comments and evidence that I get by 10 March 2024. But unless the information changes my mind, my final decision is likely to be along the following lines:

"Miss G has complained that TSB has failed to make reasonable adjustments for her disability. In other words, has failed their duty to make reasonable adjustments under the Equality Act 2010. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've decided this complaint based on what's fair and reasonable.

Closing the bank account

Miss G is upset that TSB took the decision to close her bank account. However, the terms and conditions of the account explain that TSB can close the account for a number of

reasons. TSB isn't required to tell Miss G why it decided to close the account, but it is required to provide two-months' notice.

TSB emailed Miss G in January 2023 to tell her she had cancelled text alerts and internet banking on the account. TSB got this wrong as Miss G had made no such requests. Miss G called TSB to query this, and TSB apologised and said it had also sent a letter the same day telling Miss G of its decision to close the account and giving her two-months' notice. Miss G told TSB that the emails it had sent had worried her as she thought someone else may have had access to her bank account. Miss G said she wanted to make a complaint. TSB didn't record a complaint at this time and explained to Miss G that there was no appeal process to its decision to close the account.

Miss G raised a complaint on-line in February and TSB wrote to Miss G and apologised for the poor communications about the account closure. TSB said it hadn't completed taking the full details of the complaint in the January call before the call ended. TSB's response letter confirmed the balance on the account needed to be repaid within 60-days and said, "We understand that it may not always be possible for you to repay the full amount within two months. If this is the case, please visit one of our branches so we can discuss how we can help you." TSB also added, "If you need us to work with you differently, because of a physical or mental wellbeing need, a life event you've experienced, or you find yourself in a vulnerable situation. Please get in contact with us, online, over the phone, or in one of our branches. We will do what we can to tailor our support to your individual banking needs."

Miss G says that she didn't receive the letter TSB sent her in February. Although that may be the case, I'm persuaded that TSB did send the letter and it was correctly addressed.

The notice of closure letter TSB sent to Miss G – albeit several days after the initial emails I've referred to – explained that if she had any difficulty clearing the balance on her account within two-months Miss G should go to a local branch to discuss this. I can't say TSB treated Miss G unfairly when it decided to close the account as it is able to do this. Regardless of this I intend saying the emails TSB sent Miss G caused her distress and frustration.

Repayment plan

In early April, Miss G received an email and letter (dated 26 March) from TSB reminding her that the balance on the account was due and provided details of how this could be paid by telephone. Miss G says she tried calling TSB's automated system but wasn't able to make any payment. Miss G says she was disconnected or had to wait a long time without speaking to someone. Miss G says that when she did speak to TSB's Financial Support Services department on the telephone, it could not help set-up a repayment plan as the account was marked for closure. I've taken into account that this contact happened after the deadline for the account closure – which was 17 March – and that the account was in the process of being passed to TSB's consumer debt recovery department.

Miss G then raised further concerns with TSB about the difficulties she was having in setting up a repayment plan. TSB provided a response and again explained, "If you need us to work with you differently, because of a physical or mental wellbeing need, a life event you've experienced, or you find yourself in a vulnerable situation. Please get in contact with us, online, over the phone, or in one of our branches. We will do what we can to tailor our support to your individual banking needs."

The Financial Conduct Authority, who regulate the activities of TSB, has issued guidance for businesses regarding the fair treatment of vulnerable customers. In this case, I'm

persuaded that TSB could have done more to help Miss G after it decided to close the account. The two-month notice letter TSB sent Miss G said that she should go into a local branch to discuss the closure, and how she could repay any balance outstanding, if she was having any difficulties. But prior to receiving this letter TSB told Miss G – in the January telephone call – that she must go into a local branch with photo identification if she wanted to arrange repayment of the balance. I think that in this call TSB should have asked Miss G if she had any difficulties getting into a branch – but it didn't. It's not my role to determine whether or not TSB acted unlawfully or not in Miss G's case. But, in this case, I intend saying that TSB's initial communications with Miss G didn't recognise that Miss G's disability made it difficult for her to attend a local branch. This appears to have continued until the account was passed to a debt collection agency. As a result, I intend saying TSB didn't deal with Miss G as sympathetically as it could have, and that Miss G wasn't given an opportunity to set-up a repayment plan over the telephone before the debt was passed to a debt collection agency. I note that when the account was passed to a debt collection agency Miss G appears to have had no difficulty in arranging a repayment plan with that business.

I intend saying that TSB's failure to treat Miss G fairly contributed to missed payments being recorded on Miss G's credit file. I think that if TSB had taken a more proactive and sympathetic approach to Miss G's disability, this could have been avoided. TSB says its process is not to allow a customer to make a repayment plan without visiting a branch, but I don't think the approach it took in this case was fair to Miss G and her disability. In this regard I intend asking TSB to remove any missed payment markers it applied to Miss G's credit file in May and June 2023, and any defaults it recorded. I also intend asking TSB to pay Miss G an additional £125 to recognise the distress and frustration this matter has caused Miss G.

Miss G says that TSB hasn't carried out its duties under the Disability Discrimination Act 1995. The Equality Act became law in October 2010. It's designed to prevent discrimination against people with a 'protected characteristic'. It replaced previous anti-discrimination legislation (such as the Race Relations Act 1976 and the Disability Discrimination Act 1995), bringing it all under one umbrella. So, I'm satisfied my decision has taken into account the appropriate legislation."

Both Miss G and TSB provided additional comments after my provisional decision.

In her response to my provisional decision, Miss G says that she feels she should be awarded compensation of £1500 for the distress and inconvenience she suffered. Miss G asked I confirm TSB will not add any further negative markers to her account so long as the payment plan is maintained. Miss G says that her mortgage company wouldn't allow her to re-mortgage at a more favourable rate because of the default TSB registered and that as a consequence she has paid interest she may not have had to pay.

In its response to my provisional decision, TSB says that when an account has been closed it cannot offer payment plans to customers, and that customers are treated the same and an enforcement notice, and a formal demand sent. TSB does not agree that a repayment plan is a reasonable adjustment as this would mean it was treating Miss G more favourable than its other customers. TSB says that it accepts it put up barriers when Miss G initially made contact, but it did give Miss G a second chance to make a payment over the telephone – and because Miss G did not make this payment, TSB feels it would be irresponsible to remove the default markers.

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.

It may be worth me clarifying that the crux of Miss G's complaint is that TSB Bank plc closed her current account without providing a reason or giving her a reasonable opportunity to make repayments to reduce the balance on the account. Miss G says this resulted in adverse credit information being recorded against her. I'm satisfied that my provisional decision addresses the complaint and provides the reasons why I've decided TSB should remove the missed payment markers and the defaults it registered.

My provisional decision dealt with the closure of the account and explained why I thought TSB didn't do anything wrong. I'm satisfied that this can be adopted as my final decision in this regard.

My provisional decision also explained that I took into account the Disability Discrimination Act 1995 and The Equality Act that became law in October 2010. However, it's not for me to decide whether TSB breached its duties under this legislation – that is a matter for a court to decide. I made it clear to both Miss G and TSB that any decision I make would be based on what I consider to be fair and reasonable in the circumstances of the complaint, and I'm satisfied my provisional decision reflects this.

This complaint is not about TSB treating Miss G more favourably than it would any other customer, it's about TSB taking into account that Miss G had a disability that made it difficult for her to attend a branch to discuss the closure of the account and the repayment of the balance. In this case, TSB accepts it did put up barriers when Miss G initially contacted it about the account closure and about paying off the balance.

Miss G has previously said she would have been able to pay off the balance of the account by the end of July 2023. I can't be certain whether or not Miss G would have been able to pay off the full balance before the account defaulted. But I'm satisfied that the barriers TSB initially put up, and the reference it made more than once that Miss G should go into a branch, did make it more difficult for Miss G to put in place a repayment vehicle - or clear the balance of the account in full. I acknowledge TSB did offer Miss G a further 30 days to clear the balance before the account was defaulted, but I think this should have been done sooner than it was. TSB says it thinks that removing the default isn't a true reflection of what happened to Miss G's account. I acknowledge TSB's comments, but I've decided that if TSB had taken a more proactive and sympathetic approach to Miss G's disability, it's more likely than not the default and late payment notices could have been avoided. Therefore, in this regard, I've decided to adopt my provisional decision as my final decision.

I appreciate Miss G feels I should ask TSB to pay her £1,500 for the impact the registering of the defaults and missed payments had on her credit report. However, I'm satisfied that it would be too speculative for me to conclude Miss G would have been able to achieve a re-mortgage at a more favourable rate as it isn't just a credit report that would be taken into account when a re-mortgage application is considered. But I do feel that my decision to ask TSB to remove the missed payment markers and defaults it applied, and to pay Miss G an additional £125 to recognise the distress and inconvenience TSB caused Miss G, is a fair and reasonable outcome in the circumstances of this complaint.

I'm sure Miss G will understand that I can't reassure her TSB won't record any further missed payment markers or defaults on her account, as this will depend on future account activity. But I'm satisfied removing the markers and defaults TSB applied in 2023 will put Miss G's credit record with TSB back in the position I think it should have been when TSB decided to close the account.

My final decision

For the reasons I've outlined above, TSB Bank plc should remove any missed payment markers it applied to Miss G's credit file in May and June 2023, and any defaults it recorded. TSB Bank Plc should pay Miss G an additional £125 to recognise the distress and frustration this matter has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 3 April 2024.

Paul Lawton
Ombudsman