

The complaint

Mr O has a credit card account with TSB Bank Plc and he's unhappy with how they treated him and requests he'd made whilst he's had financial difficulties.

What happened

In April 2022 Mr O said he asked TSB for help in arranging a payment plan for his credit card account. He said he asked TSB to freeze all interest charges and offered to pay £25 a month to reduce the outstanding balance. Mr O said he'd a similar arrangement set up for a credit card account with another lender.

Mr O was referred by TSB to their Tailored Support Team (TST). TSB said this referral meant the interest on Mr O's account was frozen while they looked at the best options to help him through his financial difficulties. Mr O said he provided TSB with details about his income and expenditure. But in November 2022, after TSB had referred his situation to a panel of senior colleagues, they'd only agreed to freeze the interest on his account for a further three months. Mr O said TSB didn't accept his offer of £25 per month instead wanting to refer him to a debt collection agency. He said TSB's offer to freeze the interest for three months wouldn't ease his indebtedness. And they hadn't considered his vulnerability caused by ill health. He complained to TSB.

TSB said they'd considered various ways in which to help Mr O. They said as a responsible lender they'd criteria in place to provide the help and support needed for Mr O based on his income and expenditure. And they'd looked to help Mr O to manage his account into order. After a review by senior colleagues in November 2022 they told Mr O the interest on his account would be frozen for a further three months giving him time to seek debt advice to help him set up an affordable payment plan for his credit commitments. TSB said as Mr O didn't contact them after the three months his account was reverted to business as usual, which meant his account was subject to interest charges.

Mr O wasn't happy with TSB's response he said they hadn't acknowledged his letters and he was only asking for the same options as those provided by his other lender. He referred his complaint to us.

Our investigator said she could only look at the actions taken by TSB and couldn't consider what other lenders had done. She said TSB had acted fairly and reasonably in their actions with Mr O.

Mr O didn't agree and asked for an ombudsman to decide.

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 understand my decision will be a disappointment to Mr O but having done so I don't uphold his complaint. I'll explain why.

Mr O has set out his account in detail. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it to reach my decision, I mean no discourtesy by this.

In reaching my decision I've considered the relevant, law guidance and good practice - the Consumer Credit Code of Business (CONC) sourcebook. CONC 7.3 covers the - Treatment of customers in default or arrears (including repossessions): lenders, owners and debt collectors.

When Mr O contacted TSB about his financial difficulties, his account wasn't in arrears. But I'd still expect a lender to respond positively and sympathetically (CONC 7.3.4). So, I've looked carefully at everything that's happened.

Mr O contacted TSB in April 2022, saying he could no longer afford the minimum monthly payment. I can see in response TSB referred Mr O's account to their TST which meant the interest applied to Mr O's account was frozen whilst they established his financial situation, which I think is a reasonable response. I can see that Mr O was given a specific case handler, and he was asked to provide details of his income and expenditure. I can also see the case handler showed concern for Mr O asking about the impact of his medical condition, and his appointments with health practitioners.

In May 2022, Mr O asked TSB to freeze the interest on his account for two years to which TSB explained that they could consider "*Charge Off*", which meant Mr O's account would be passed into recoveries and the account closed. But the interest would be permanently frozen and would allow for Mr O to pay what he could afford to clear the outstanding balance, even if this was as little as £1. But this would also mean Mr O would incur a default which would be recorded on his credit file for six years. TSB also asked Mr O to complete a form with details about his income and expenditure.

I can see Mr O rejected this option as he didn't want a default placed on his credit file. I can see he asked for his account to be reverted to when it was inception, that being a 0% balance transfer, the equivalent of no interest. TSB said 0% balance transfers were promotional offers only and that they would look at options for him on receipt of his income and expenditure details.

In July 2022, Mr O provided the details of his income and expenditure and offered a payment of £25 per month, reiterating the need for any interest to be frozen to allow for his repayments to reduce the outstanding balance and his indebtedness.

In response TSB estimated it would take around 48 months for Mr O's proposed payment to settle the balance, adding this would still require his account to go to recoveries so that the interest would be permanently stopped. Again, explaining the impact on Mr O's credit file. TSB acknowledged this was something Mr O had previously rejected, and they advised that his account would be reviewed by a panel of senior colleagues.

The outcome of the senior colleague review was that in November 2022 Mr O was advised his account would remain with their TST for a further three months, meaning the interest was frozen to give Mr O the opportunity to seek debt advice.

I know Mr O wasn't happy with this outcome and has stated he was being referred to a debt collection agency, but I can see that TSB were acting in line with CONC 7.3.7A:

"A firm may refer the customer to a not-for-profit debt advice body by, for example, providing the customer with a copy of the current arrears information sheet under section 86 of

the CCA, or with the name and contact details of a not-for-profit debt advice body or MoneyHelper; or directly transferring the customer's call to a not-for-profit debt advice body

Mr O said he wants TSB to provide the same outcome as his other lender. I can see that Mr O has said his other lender when they froze the interest, his credit card was "*deleted*" and he'd accepted this meant his credit file was affected. But when "*Charge Off*" was offered by TSB he rejected it. Mr O said he would maintain the £25 per month payment.

TSB said they didn't get a response after November 2022 to their requests for Mr O to update them. So, at the end of the three months in February 2023, Mr O's account was moved from their TST back into business as usual.

Mr O has said he didn't receive any update request from TSB, but I can see from their records letters dated December 2022 and February 2023. While Mr O has said he didn't receive them the letters were addressed to the details Mr O has given to us. So, I can't hold TSB accountable if these weren't delivered to Mr O.

So having considered the actions taken by TSB in referring Mr O to a specialist team, considering "*Charge Off*" and in continuing to freeze interest for a defined timeframe while Mr O sought debt advice, I think TSB has acted fairly and reasonably.

Mr O has told us that he is still struggling financially. But TSB has said his account is in order and not in arrears. I can only suggest Mr O contacts TSB to discuss his current circumstances, and as part of that it's likely TSB will need up to date income and expenditure information. I'd expect both sides to have an open and honest dialogue, and for TSB to treat Mr O with forbearance and consideration. But also, for Mr O to understand that TSB doesn't have to agree to everything he asks for and that any payment arrangement would need to be reported to the credit reference agencies.

I know Mr O will be disappointed with this outcome. But I think TSB has dealt with the matter fairly.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 November 2023.

Anne Scarr
Ombudsman