

The complaint

Mr M complains that TSB Bank plc has unfairly recorded a default on his credit file.

What happened

Mr M says TSB recorded a default on his joint account. He says TSB has now accepted taking money from the account and has refunded him but says if it hadn't taken the money in the first place then the account wouldn't have defaulted. Mr M would like the default removed from his credit file.

TSB says it overcharged Mr M about £92 in 2012 and about £40 in 2019/20. It says the account defaulted in 2020 and the balance was over £1,000 at the time in any event.

Mr M brought his complaint to us, and our investigator didn't uphold the complaint. The investigator thought the account defaulted in 2020 with a balance over £1,000 and the refunded payments wouldn't have impacted on that.

Mr M doesn't accept that view and says there was an agreed overdraft balance of £1,000 and so the account wouldn't have defaulted if the money hadn't been taken.

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 have come to the overall view that I don't uphold this complaint. I appreciate Mr M will be disappointed by my decision and I confirm I have read about the background to this complaint.

I have looked at the events leading up to the account being defaulted in 2020/2021, I think there may be some confusion about the exact date. And I'm satisfied that there was a clear dispute between the account holders and that TSB wanted the account balance repaid regardless of an agreed overdraft. So, I don't think it matters that there was an overdraft in place as TSB made clear that it either wished to agree a payment proposal or have the balance repaid. It follows that I'm satisfied that Mr M was made aware of TSB's position and was unable to repay the balance which led to the default. I have read about what Mr M says about his employment position and inability to work at the time.

I am sure Mr M appreciates that an overdraft is repayable on demand. And I'm satisfied that Mr M was unable to repay it. So, I don't think it matters that at a later stage TSB accepted it made a mistake and took a relatively small amount out of the account. I don't think that mistake had any impact on the decision to default the account or that mistake in itself led to the default. I find the default was registered as TSB wanted the balance repaid which Mr M was unable to do. And which he thought unfair due to circumstances he is aware of.

Overall, I don't think that this default could have been avoided in these circumstances and that TSB's mistakes in deducting money from the account didn't have any impact on that

decision.

My final decision

My final decision is that I don't uphold this complaint.

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

David Singh
Ombudsman