

The complaint

Mr D says that TSB Bank plc (TSB) were unreasonable not to stop transactions that took him over his arranged overdraft limit and that they were unfair to subsequently default and close his account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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 know it will disappoint Mr D, but I don't think TSB have done anything wrong here. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The terms of Mr D's account with TSB explained:

"Unarranged Overdraft.

This is when we decide to lend you money to make a payment without you applying for an overdraft first. You're asking for an Unarranged Overdraft if you try to pay for something when there's not enough money in your account, including any Arranged Overdraft. Here's some important information about Unarranged Overdrafts:

- *When we lend you money using an Unarranged Overdraft, we'll write to tell you we've agreed to do this. We won't do this if you repay the Unarranged Overdraft by 10pm on the same day that you borrow the money."*

There was no obligation for TSB to prevent Mr D from exceeding his agreed overdraft limit and I can't see that an agreement had been put in place for them to do so. So, I don't think it would be fair to suggest TSB were unreasonable to allow the limit to be exceeded. It was Mr D's responsibility to keep his borrowing within the limits that had been set.

I don't think TSB were unreasonable not to set up a payment plan with Mr D when he struggled to repay his unarranged overdraft. He hadn't been able to demonstrate any ability to sustainably afford repayments against such a plan.

I've seen copies of the correspondence TSB sent to Mr D to alert him to the consequences of not paying the unarranged overdraft balance. I think it's likely Mr D received them and was aware of the extent of his debt and the consequences of non-payment: letters were correctly addressed. In June 2023 they explained that if the unarranged overdraft wasn't repaid the full debt would become payable. I can see that TSB showed some forbearance to Mr D when they put collection of the account on hold a few times. But I don't think they were unreasonable to eventually default the account and report it to the credit reference agencies when it seemed improbable that Mr D could afford to repay the debt.

It's for those reasons that I don't think TSB have done anything wrong here and I'm not asking them to take any further action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 May 2024.

Phillip McMahon
Ombudsman