

The complaint

Miss M complains about how TSB Bank Plc handled a transaction on her account that she says she didn't agree to.

What happened

Miss M held an account with TSB. In 2021 she made them aware that her ex-partner had been making transactions on her account which she didn't agree to. There were Direct Debits on her account, which TSB refunded under the Direct Debit guarantee. She also raised a chargeback for a transaction of £1,010.99 to a retailer. The bank raised this and gave her a temporary credit for the amount. But TSB received evidence that the goods had been delivered. TSB put this to Miss M, and she said the transaction had been done by her ex-partner, but that she would take responsibility for it.

The funds were re-debited from her account, which left the account overdrawn. Miss M raised a complaint with TSB – which TSB's records suggest was about a re-debit of Direct Debit payments. TSB paid £40 for any upset caused.

After this Miss M's account remained overdrawn, and it was eventually closed and passed to debt recovery.

Miss M referred a complaint to our service in December 2021, saying that it was the re-debit of chargeback that had pushed her account to be overdrawn. She said she hadn't received notice this would happen and pushed her in to a payment plan. She maintained her ex-partner had done this transaction without her knowledge. She said she'd spent a lot of time being passed back and forth between departments, which severely affected her mental health.

TSB objected to this, saying they'd not been given the chance to issue a response on a complaint about the chargeback. One of our investigators felt though that the root of the complaint was about the arrears on her account and it was clear from TSB's response they were aware the arrears were a result of the chargeback re-debiting. They felt that from our file it should have been clear from the referral to our service what Miss M was unhappy about, and TSB had had enough information to investigate and not done so.

TSB sent us further information on the transaction in dispute. Another investigator looked at the complaint and felt that TSB should have acted more reasonably when Miss M had informed them her ex-partner had spent the money. They asked for the money to be refunded, along with 8% simple interest. TSB did refund the money to the outstanding balance on Miss M's account.

Miss M disagreed with this outcome as she thought the money should go to her directly. The investigator reassessed their opinion of the case – saying the debt outstanding was more than the value refunded, so Miss M would always have had to reach a repayment agreement with TSB. They felt it was reasonable for TSB to refund the money towards the debt. But the investigator felt that TSB should pay Miss M £150 compensation for the service received and the time taken to resolve things.

This time TSB disagreed saying that Miss M hadn't told them the funds had been spent fraudulently previously. Any delays were down to Miss M not making them aware of this at the time. They did not see a justification for the compensation. As no agreement could be reached, the complaint has been passed to me 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.

Firstly, I am satisfied our service can look at a complaint about the £1,010.99 transaction. I acknowledge what TSB have said about now having issued a response to a complaint about this transaction. But I note that we referred Miss M's complaint about this issue to TSB in December 2021. I'm satisfied TSB would have had enough information to investigate and issue a response to these points.

I would not expect additional barriers to be placed in responding to this, such as expecting Miss M to contact the fraud team directly. The information needed to investigate was already available, so this is an unreasonable request. I also note from TSB's records they have had regular contact with Miss M since then – including about the arrears on the account, caused in part by this transaction.

I consider there has been ample opportunity for TSB to respond on this point, and that they have chosen not to doesn't mean our service cannot consider her complaint.

There is a record from September 2021 of Miss M informing TSB that the payment was made by her ex-partner. TSB have commented that at the time she didn't raise it as a fraud claim – but in these circumstances TSB are the experts. The bank had already refunded Direct Debits that were set up by the ex-partner, so it could be reasonable assume they may find that this payment was unauthorised.

Miss M was asking for a repayment plan at the time, which would be indicative that she would struggle to repay this amount if it was taken back off her. The expectation is that a bank would treat someone facing financial difficulties with forbearance and due consideration – so in this instance it would have been reasonable to consider whether it was appropriate to refund this specific transaction. I accept though that Miss M's story hasn't always been consistent, and at the time she was willing to take on the repayment. So, this mitigates the impact somewhat.

TSB have now refunded this transaction to the outstanding balance. This is reasonable to do, the account was restored to the balance it would have been had this transaction not taken place. So, they haven't done anything wrong by doing this.

There was also another dispute over a £500 transaction, although from what Miss M has told us she authorised this. This chargeback was also defended. I would see no grounds for asking TSB to refund that as well. This means that Miss M's account was always likely to have some degree of overdrawn balance. The amount it was overdrawn was more than the £1,010.99 TSB have now refunded. I can't agree with her point that this forced her into the overdraft – she always would have had an amount to repay.

But I'm satisfied TSB should have done more to investigate the circumstances of the transactions on her account in September 2021. Had they done so it's more than likely they would have made the decision to refund her at the time. Instead it has taken much longer than necessary, which will have increased the frustration.

Because of these delays and the level of service she's received TSB haven't treated her fairly. I'm satisfied that it's appropriate to award her some compensation. Taking into account the full circumstances of the complaint I see £150 would be a reasonable amount.

My final decision

My final decision is that TSB Bank plc must pay Miss M £150 for the reasons given above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 August 2023.

Thom Bennett
Ombudsman