

The complaint

Miss R complains that TSB Bank plc unfairly recorded a default against her credit account and sold her debt on. She also complains about the contact she received following an £800 transfer error, and that she didn't receive a contactless debit card when requested.

What happened

Miss R took out a credit card in 2018. Later that year she began to suffer with health issues and experienced abuse, depression, joblessness and homelessness. Miss R says that this caused her difficulties in repaying her card until her financial situation improved in 2020. In May 2020 Miss R made contact with TSB to discuss making repayments while she was furloughed. Miss R says that she was told that calls were only being taken about basic enquiries and she couldn't be routed to the right department.

In September that year, Miss R discovered that her credit card account had been sold to a debt collection agency and a default had been recorded.

Miss R complained to TSB. They issued their final response in November 2020. They said that they wouldn't be removing the default as it had been recorded correctly. They advised that they had attempted to contact Miss R but she hadn't responded and so the decision was correct.

Miss R also raised two additional complaint points.

The first related to an incident in February 2020 when she made a transfer of £800 in branch to her husband, but TSB transferred to the wrong person. She feels that during the recovery process, TSB contacted her excessively, asking her to assist them when it was a bank error.

The second additional issue was that she was not issued with a contactless debit card for her account despite her making several requests.

Miss R brought her complaint to us.

Our investigator upheld Miss R's complaint. She thought that TSB had applied the default fairly, but that they could have done more to assist Miss R when she notified them that she had health and financial issues. She recommended TSB do the following:

- Return the account back to in house from the debt collection agency
- Set up dedicated support to assist Miss R and communicate according to her needs.
- Issue a contactless card
- Pay £100 in recognition of the distress experienced by Miss R caused by not managing her account after being advised of her health issues.

TSB disputed paying the £100 distress payment as they said that in September 2020 they had provided Miss R with the option of having the debt returned to them, and she refused as she had already set up a payment plan with the debt collection agency.

The investigator stood by the recommendation, saying that although TSB had made this offer in September, they should have been given more support from May 2020 when she notified TSB of her vulnerabilities.

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 am upholding this complaint and I will explain why below.

I have seen all the information provided by TSB, including the system notes, and I have taken into account the testimony provided by Miss R.

Reporting of the default

I can see from the account information provided that Miss R took out the card in June 2018 with a credit limit of £5500. She quickly spent up to this limit by December 2018, using the card for everyday expenditure, but only making little over the minimum payment each month between July 2018 and December 2018. Miss R exceeded her credit limit for the first time in May 2019, and despite making repayments, she remained in excess of her credit limit from then onwards as a result of further expenditure, and was charged a fee each month.

In January 2020 Miss R failed to make a repayment for the first time, missing it again in February, March and April. TSB's records show Miss R was sent notices about missed payments in January, February, March and April, with default notices being sent in March and May 2020.

Although Miss R made a payment of £50 in May 2020, this was less than the minimum payment and was not part of a payment arrangement. No further payments were made, and in September 2020, TSB registered the default.

Although Miss R did make contact with TSB when she made the payment in May 2020, and she did make them aware of her financial difficulties and health problems, I don't think TSB have acted unfairly in registering the default, as Miss R had been in arrears for over six months at that point, having only made one payment of £50, and had no payment arrangement was in place. TSB have a duty to report a fair and accurate reflection of how Miss R has managed her account to credit reporting agencies, and I am satisfied that they have done nothing wrong here.

However, I do agree with the investigator that there was a breakdown in communication between Miss R and TSB during the time she was experiencing financial difficulties, and TSB could have done more to help her earlier.

Miss R was significantly exceeding her credit limit from May 2019 onwards and has told us that she was experiencing a difficult time emotionally, living with her husband's family and not being able to get stable employment. Despite the account being with the Collections Department and Miss R being persistently several hundred pounds over her limit, no contact was attempted with Miss R until she stopped paying altogether and went into arrears in January 2020.

In their final response letter dated November 2020, TSB say that the role of the Collections Department is as a dedicated team who can help by providing a full financial review and agreeing reduced repayments. Whilst I accept that they tried to contact Miss R from January onwards, they had held the account for the whole of the previous year and hadn't attempted

contact despite Miss R's debt continuing to increase well over her credit limit. So, I think they could have done more here, and if they had made contact earlier, the situation may not have escalated to the situation in January 2020, and the matter might not have been passed to a debt collection agency.

TSB's records show various arrears letters and SMS being sent to Miss R from January 2020 onwards. TSB say they also made calls, but none of the calls were answered. Miss R says that she didn't receive the calls as her phone blocks unlisted numbers and that she didn't receive the letters. I can see that the letters were sent to Miss R's parent's address until April 2020 although she wasn't living there, and to her new address from April onwards. So, she should have received these later letters. I am also satisfied that from May onwards Miss R was aware of the position with her account as she had spoken to TSB about it in May when she made a payment, and she was aware of the need to make a repayment arrangement.

Miss R says that she did contact TSB about her debit card several times, and about her arrears but she could not always get to speak to the right person. Unfortunately TSB's records don't show any contact apart from the contact in May and so I am unable to make a finding about this.

However, despite that, I am satisfied that TSB were aware of the financial difficulties that Miss R was getting into from May 2019 onwards, and having passed her account to the Collections Department, they missed an opportunity to help her. In respect of this, I agree that TSB should pay £100 to Miss R for the distress and inconvenience caused by failing to provide support at the earliest opportunity.

Contact following the £800 transfer error and the contactless card.

Miss R has complained that she was contacted repeatedly by TSB about the erroneous transaction and asked to help recover the money when it was their error. TSB say that they wrote to Miss R in May 2020 because they couldn't recover the funds and thought she might be able to help as she had previously made a payment to the person. Whilst I can see that this error was TSB's I don't think it's unreasonable for them to ask if she is able to help in the recovery of the funds if the person is known to her.

Finally, in relation to the contactless debit card, I can see that a debit card was sent to Miss R in May 2020, so I don't think TSB refused to send the requested card. It seems that it might've been sent to the wrong address or didn't arrive to Miss R. So, I don't agree that TSB have done anything wrong here. They should, however, issue a replacement card to her new address if they haven't already done so.

Putting things right

In view of the reasoning I have given above, I agree with the investigator's recommendations for putting things right and direct TSB to do the following:

- Return the account back to in house from the debt collection agency
- Set up dedicated support to assist Miss R and communicate according to her needs.
- Issue a contactless card
- Pay £100 in recognition of the distress and inconvenience caused by not assisting Miss R sooner

My final decision

My decision is that I am upholding Miss R's complaint and directing TSB Bank PLC to undertake the actions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 25 May 2022.

Joanne Ward
Ombudsman