

The complaint

Mr M complains that TSB Bank plc referred his loan account to debt collectors despite agreeing a partial settlement.

What happened

Mr M took out a loan with TSB in 2013. In 2016 a debt advice service (S) contacted TSB on Mr M's behalf and agreed a payment plan following some financial difficulties.

In March 2021 Mrs M, acting on Mr M's behalf, contacted TSB and asked it to accept a partial settlement. TSB agreed. Mrs M asked TSB to confirm its decision in writing but no letter was received. In April 2020 S also asked TSB to accept a partial settlement for Mr M's loan. TSB wrote to S and confirmed it would accept a settlement figure of £4,985 and that the offer was valid for 30 days.

Monthly payments were received until August 2020 when they stopped. In February 2021 TSB referred the account to a third party debt collector (W) who contacted Mr M.

In October 2020 Mrs M spoke with TSB after it sent Mr M a letter about his loan. The letter didn't contain Mr M's loan account number and TSB advised it couldn't help. The call ended without discussion of the account.

Mr M complained and TSB issued a final response that said it agreed a partial settlement in April 2020 but hadn't received a follow up payment. As a result, the debt was referred to W to collect.

The complaint was referred to this service and passed to an investigator. They said a payment had been made to TSB in relation to a different account but that Mr M's loan hadn't received the partial settlement agreed. But the investigator thought the service given to Mr M and Mrs M by TSB should've been better and asked it to pay £150 for the distress and inconvenience caused. TSB asked to appeal, so Mr M's complaint has been passed to me to make a 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've looked at all the available information and agree with TSB's claim it didn't receive a partial settlement for Mr M's loan. TSB has confirmed the payment it received related to a different account that isn't part of this complaint.

Our investigator noted Mrs M asked TSB to send Mr M confirmation of the partial settlement it agreed to accept in March 2020. TSB didn't send that letter but has made the counter argument it later agreed to accept a partial settlement from S on Mr M's behalf. I take TSB's point and can see it did confirm its acceptance in writing to S. But Mr M had more than one account with TSB and it's clear he wanted TSB to confirm its position in writing. Whilst TSB

has shown it did so for S, it hasn't explained why the partial settlement offer wasn't confirmed to Mr M in March 2020. I think that could've helped ensure all parties remained clear on what had been agreed and avoided some of the following confusion.

TSB also said it didn't have authority to speak with Mrs M on Mr M's behalf so couldn't discuss his loan when she called in October 2020. I've listened to the call and Mr M can be heard in the background. If the call handler needed to obtain his authority to discuss his loan with Mrs M they could've simply asked. Having listened to the call, I think the reason it didn't proceed is because no usable reference number could be found on the letter, not because Mr M didn't give authority for Mrs M to speak on his behalf. And given TSB wrote to Mr M to try and obtain contact, I'm surprised the reference numbers in its letters didn't lead to the loan being identified.

I think TSB ought to have been able to identify Mr M when he and Mrs M called in October 2020 and identify the account it had written to him about. Had it done so, the need to refer the loan to W for debt collection purposes could've been avoided. It's clear that caused Mr M some upset so I think it's fair for TSB to pay a settlement for the distress and inconvenience caused.

I think there's been some crossed wires and I'm satisfied Mr M genuinely thought his loan had been repaid. Unfortunately, that's not the case. But I think TSB could've done more to help Mr M understand what had happened and why it was writing to him about the loan. As I'm satisfied TSB caused unnecessary distress and inconvenience to Mr M I'm uphold his complaint. In my view, £150 fairly reflects the impact of the issues raised on Mr M so I'm going to proceed on that basis.

My final decision

My decision is that I uphold Mr M's complaint and direct TSB Bank plc to pay him £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 May 2022.

Marco Manente
Ombudsman