

## The complaint

Miss Y complains about the handling of her overdrawn account by TSB Bank plc (TSB).

## What happened

Miss Y opened a graduate account with TSB in August 2022. It had an agreed limit of £1,500. In January 2023, the balance was £1,500 debit. TSB wrote to Miss Y a number of times between March 2023 and July 2023. In July 2023 the debt was passed to a debt collection agency (DCA). In August 2023, the debt was passed back to TSB during the investigation of Miss Y's complaint. It was passed back to the DCA in February 2024, when the balance was still £1,500.

Miss Y complained about several things. She said:

- TSB unfairly closed her account.
- TSB unfairly transferred her account to a DCA. The transfer of her data to a DCA was a violation of the Data Protection Act and the sale of the debt was a breach of privacy and trust.
- The DCA sold her contact details and her data to a third party and as a result, she got unsolicited calls. Because TSB passed the debt to the DCA, TSB should be accountable for that.
- TSB shouldn't have defaulted the debt and marked her credit file with a default.
- Miss Y says she should receive compensation, and the default should be removed from her credit file. TSB should write off the debt.

TSB said that when Miss Y opened her account, she agreed to the personal banking terms and conditions. These made it clear that her personal details could be passed to an external contractor such as a DCA. These details should only be used by the DCA to manage her account. The DCA in question is registered with and regulated by the Financial Conduct Authority (FCA).

TSB didn't comment on the other matters raised by Miss Y – as she hadn't brought those aspects to the bank's attention in her complaint.

Miss Y brought her complaint to us. Our investigator didn't uphold it. She said:

- TSB's terms and conditions say they could pass the debt and Miss Y's information to a DCA.
- TSB had written several letters to Miss Y between January 2023 and July 2023 to try to contact Miss Y about her debt. The letters made it clear what the next steps were.
- It is common practice for firms to sell debts to third party DCAs for collection.

- TSB and the DCA are separate companies, and TSB can't be held accountable for how the DCA went about its business. Miss Y should raise a complaint with the DCA about the use of her data and her allegation that it was sold/passed to another third party by the DCA.
- When a customer has a debt, it is fair that this is reported on their credit file.

Miss Y didn't agree and asked that an ombudsman look at her complaint, and so it has come to me to make a final 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.

Looking at Miss Y's complaint points:

#### *TSB unfairly closed her account:*

I can see that Miss Y previously brought this complaint to our service and the investigator didn't uphold it and it was closed. So – this point has already been dealt with and our service cannot look at it again.

#### *TSB unfairly transferred her account to a DCA:*

I looked at TSB's terms and conditions, and its Data Privacy Notice (DPN) which had been sent to Miss Y and which appears also on TSB's website. The DPN says: "*We treat your personal information as private and confidential. In some instances we may disclose it outside TSB for the purposes set out above (including sharing information with partners who help us provide services). This may include sharing it with subcontractors. They'll act solely on our instructions or behalf and will only use your information for the purposes set out above.*"

So, I am satisfied that TSB could pass Miss Y's data and debt to the DCA (as a nominated sub-contractor) to manage.

#### *The DCA sold her contact details and her data to a third party:*

As our investigator said, the DCA is a separate entity and is entitled to handle Miss Y's account and data in order to deal with her account debt. I don't think it's reasonable that TSB should be held accountable or liable for how the DCA runs its business. Miss Y says the DCA mishandled her personal information and passed it to third parties, who then made unwanted calls to her. But for the reasons I've explained, this is a complaint that Miss Y should raise with the DCA itself.

#### *TSB shouldn't have defaulted the debt and marked her credit file with a default:*

I can see that Miss Y opened her account in August 2022 and as at January 2023, the balance was £1,500 against the limit of £1,500. There were four low value credits in that time – between £4 and £30. But otherwise, payments were made which resulted in the balance

quoted.

I considered whether it was reasonable for TSB to take the action they did. And an overdraft is for occasional use – with the balance swinging into and out of overdraft as payments are made and credits received. But what I can see is that Miss Y had a ‘hard core’ overdraft with the balance being over £1,190 by the end of August 2022, rising to £1,500 in January 2023.

A bank would normally expect to see a salary being paid in regularly for example - but this didn’t happen. So I can see why TSB considered Miss Y’s account to be in default.

An overdraft is ‘on demand’ and so a bank can ask for the debt to be repaid at any time – which is what TSB did.

But it’s also reasonable to expect TSB to have communicated clearly with Miss Y and given her time to deal with her debt. So, I looked at this. I can see that TSB wrote several letters to Miss Y between March 2023 and June 2023. The letters were dated 24 March 2023; 14 April 2023; 25 April 2023; 12 May 2023. Each letter asked Miss Y to pay into her account, but she didn’t do so. And each letter said the credit reference agencies would be advised.

The final letter (dated 13 June 2023) made demand for the payment of the debt. The letter also said that if Miss Y didn’t repay the debt, a default would be registered and would be marked on her credit file.

So, I am satisfied that Miss Y was given clear communications and sufficient notice of TSB’s intentions.

Therefore in summary, I consider that TSB acted reasonably and I am not going to ask the firm to do anymore here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss Y to accept or reject my decision before 19 June 2024.

Martin Lord  
**Ombudsman**