

## The complaint

Mr K complains that TSB failed to change the repayment date for his personal loan and negatively impacted his credit score by reporting a missed payment.

## What happened

Mr K holds a personal loan with TSB Bank plc. On 19 April 2023 Mr K telephoned TSB and requested to change his personal loan repayment date from 23<sup>rd</sup> of each month to 1<sup>st</sup> of each month. Mr K made the request because he had started a new job and his pay date was the last day of the month.

TSB advised Mr K that it was unable to change the repayment date due to an IT issue. The loan payment of £393.58 was taken on 24 April 2023.

On 24 April 2023 Mr K telephoned and requested to recall the loan repayment direct debit. The agent recalled the payment and advised Mr K that the IT issue still wasn't resolved. The agent also advised Mr K that the missed payment would be attempted to be collected again at the end of May.

On 2 May 2023 Mr K telephoned again. He said he'd been advised on 24 April 2023 that his loan direct debit would be recalled, and the payment would be attempted again a week later. Mr K said that no payment had been taken and he had since received a letter informing him that his direct debit had been cancelled. The agent offered to process a payment to clear the arrears.

On 15 May 2023 Mr K telephoned again and requested to change the payment date. TSB wasn't able to confirm whether the change had taken place.

Mr K raised a complaint about the service he had received.

In its final response dated 18 May 2023, TSB said the IT issue still hadn't been resolved. It apologised and awarded compensation of £50 for any distress and inconvenience caused to Mr K.

Mr K remained unhappy and brought his complaint to this service. He said his credit score had dropped because of the missed payment reported by TSB.

Following the referral of the complaint to this service, TSB made an offer to resolve the complaint. It said it had failed to fully acknowledge the impact caused by its error and recognised that Mr K had made strenuous efforts resulting in time and call costs trying to repay his loan on time. TSB offered a further £150, bringing the total compensation offered to £200. It said the offer included any credit card interest incurred when Mr K used his credit card to make a payment, call costs and the impact on Mr K's credit file. TSB said that if Mr K could provide evidence that his credit file had been impacted, it would arrange to have any adverse date removed.

Mr K didn't feel that the compensation offered was fair. He said he'd come off his fixed rate

mortgage and was looking to re-mortgage on a fixed rate now that he had started a new job. He said the rates available to him weren't as favourable because of the impact on his credit score caused by the adverse reporting by TSB. Mr K said he wanted more compensation.

Our investigator upheld the complaint. He said that there was no real dispute between the parties about what had happened. He noted that TSB had reported two late payment markers to the credit reference agencies and said Mr K's credit file had been impacted by what had happened. The investigator said that the compensation of £200 offered fairly reflected the customer service issues but said a further £100 should be paid for the impact which TSB's actions caused to Mr K's credit file, as well as amending the credit file.

Mr K didn't agree. He didn't think £300 reflected the distress and inconvenience he'd suffered as a result of TSB's service failings. He felt that further compensation was warranted for the time he'd had to spend trying to sort out what should have been a simple request to change a direct debit date. Mr K said he wasn't able to show the specific financial impact that the negative reporting had as he no longer had screen shots of his mortgage offers from May 2023 as compared to now. But he made the point that his credit score had dropped 140 points and he'd been unable to arrange a fixed rate mortgage. Mr K said he'd also paid £14.99 per month for credit report access, which he said was necessary so he could check that TSB had removed the late payment markers. He said he thought this should be considered as a consequential loss.

Our investigator issued a further view in which he looked specifically at the issue of compensation. He explained why it wasn't possible for this service to award compensation for a mortgage offer which may or may not have been available. The investigator also said that multiple factors contributed to credit scores and whilst the late payment markers were likely to have had an impact, it wasn't possible to say how much of an impact. The investigator said that taking everything into account the sum of £300 compensation was fair and reasonable. The investigator also said he'd thought about Mr K having to pay for credit file access and said it was reasonable for TSB to cover those costs from the date Mr K became aware of the error to one month after the date when the issue was resolved, and the markers removed.

TSB responded to the investigator and said it would pay £300 compensation. In relation to the costs of the credit file access, TSB said it had a separate process for claiming expenses and said that Mr K would need to send supporting evidence of any additional costs.

Mr K responded and said he didn't agree with the investigators view. He said it had been 12 months since TSB incorrectly reported late payments and he still wasn't in the position he was in before with regards to his credit score.

### **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.

There's no dispute between the parties about the facts of this complaint. TSB has acknowledged that it provided poor customer service to Mr K. It also accepts that it reported two late payment markers to the credit reference agencies, and it has already taken steps to amend Mr K's credit file.

The real issue here is what is a fair and reasonable amount of compensation. Mr K has said that the impact on his credit score was such that he wasn't able to re-mortgage and his credit score still hasn't recovered to what it was before the late payment markers were reported, even though these markers have now been removed.

Mr K says he has shown that the reduction in his credit score lies solely at the door of TSB. I appreciate that Mr K feels strongly that this is the case. However, as the investigator has explained, there are multiple factors which contribute to credit scores. I agree that a late payment marker is likely to have an impact on a credit score, but it isn't possible to say what the level of impact has been.

Similarly, whilst I agree that lenders carry out credit checks and look at credit scores as part of their risk assessment when deciding whether to extend credit, I haven't seen any evidence that Mr K was declined for a specific mortgage product as a result of the late payment markers. So, I'm not able to say that Mr K is currently paying "x" for his mortgage when he could be paying "but for the late payment markers on his credit file. I'm therefore not in a position to award for financial loss in this respect.

There's no doubt that Mr K has spent a lot of time trying to resolve this matter and I understand how frustrating it must've been for him. I also understand how worried he's been about the impact to his credit file, and as I've said, I'm persuaded that the late payment markers will have played some part in the reduction of the credit score.

Having considered everything, I think the award recommended by the investigator is fair and reasonable for the poor service that Mr K received, and for the impact on his credit file.

I don't agree that Mr K should have to follow a separate process with TSB to recoup the expenses he's incurred on a credit file subscription. Mr K has told this service that he's paid £14.99 per month for access to his credit file and that this has been the case for 6 months. He's provided information to show that he's checked his credit file from December 2023 (the month when TSB said it would amend the credit file) to May 2024 (the month when the late payment markers were removed).

I'm satisfied that it was reasonable for Mr K to incur these costs so that he could check to see that TSB had removed the late payment markers. I'm therefore satisfied that TSB should reimburse Mr K for 6 months of credit file access payments at £14.99 per month (£89.94)

### **Putting things right**

To put things right for Mr K, TSB Bank plc must pay total compensation of £300 and reimburse £89.94 in respect of the credit file subscription.

### **My final decision**

My final decision is that I uphold the complaint. TSB Bank plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 1 August 2024.

Emma Davy  
**Ombudsman**