

## The complaint

Mr H complains TSB Bank plc (TSB) failed to close his bank account and as a result this affected his credit score.

## What happened

Mr H says in August 2018 he visited a branch of TSB to arrange the closure of his bank account paying a small deposit at the time to facilitate this and was told there was nothing further he needed to do. Mr H says some years later when looking to apply for a mortgage he discovered the bank account hadn't been closed and charges and interest had accrued during this time of in excess of £1,200.

Mr H says TSB accepted it had made a mistake and refunded the bank charges and offered him £150 by way of apology. Mr H doesn't feel TSB's offer goes far enough as he says he was unable to obtain mortgage finance due to his weakening credit score as a result of this mistake by TSB. Mr H says this has also put him under severe stress and created mental anxiety. Mr H believes the fact he was unable to obtain a mortgage has resulted in him missing out on a property he wanted to purchase and that along with now having to pay higher interest rates for any mortgage application, has cost him many thousands of pounds - Mr H wants TSB to compensate him to the value of £10,000.

TSB says it has apologised for the fact Mr H's bank account wasn't closed back in August 2018 but as soon as it realised this it refunded the charges and interest which had created the overdraft and have now closed the bank account. TSB says as the bank account had an authorised overdraft limit of £2,500 this wouldn't have negatively impacted on Mr H's credit file, it would simply show his account operated comfortably within the agreed limit.

That said TSB acknowledged it made a mistake at the time and shouldn't have asked Mr H to pay into his bank account and have offered Mr H £150 by way of apology for the trouble and upset caused.

Mr H wasn't happy with TSB's response and referred the matter to this service.

The investigator looked at all the available information and initially partially upheld the complaint. The investigator felt while TSB should have closed the bank account back in 2018 it had provided emails to Mr H showing the account remained opened and while that in itself didn't excuse the fact it hadn't closed Mr H's bank account when it should have, the remedial action it had taken to close the account was carried out in a reasonable time frame and was fair in the circumstances.

The investigator says there was no evidence to suggest Mr H's credit file had been negatively impacted by the bank account remaining open within an agreed approved credit limit. The investigator says any changes in Mr H's credit score wouldn't have been the reason solely why a lender would refuse to provide mortgage finance as various considerations are taken into account before doing so. The investigator did feel TSB should however now agree to amend Mr H's credit file to reflect the bank account being closed back in 2018. The investigator also suggested TSB should remove any non-legitimate credit

searches on Mr H's credit file.

Subsequent to the investigator's view TSB confirmed it had amended Mr H's credit file to show the account being closed back in 2018 but made clear the searches on Mr H's credit file didn't relate to them but to another bank which it hadn't been part of for over a decade. On this understanding the Investigator changed his view and didn't uphold the complaint saying TSB no longer needed to remove any searches given these didn't relate to them.

Mr H didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting for Mr H to discover a bank account he asked TSB to close back in 2018, hadn't been. When looking at this complaint I will consider if TSB took sufficient action to remedy its mistake and offered Mr H sufficient by way of compensation for the trouble and upset it has caused him.

The first thing to say here is TSB accepted its mistake and have now taken action to close the bank account and remove any record of this from Mr H's credit file.

Both Mr H and TSB have provided this service with comprehensive details of the course of events here and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything said - I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

That said, Mr H feels TSB's offer of £150 by way of compensation doesn't go far enough to cover the upset and worry this matter has caused him and in particular he believes TSB's mistake is the reason why he was unable to obtain mortgage finance, which has resulted in him losing out on a property some while back, costing him several thousand pounds.

Without repeating everything that has been said earlier and fully understanding this matter would have undoubtedly caused Mr H upset and inconvenience – I'm not fully persuaded by his argument here. I say this because Mr H feels that the combination of several searches on his credit file made by TSB and the fact his bank account showed an outstanding debit balance was the sole reason why he was unable to obtain a mortgage - and this had been advised to him by his broker.

It's fair to say the investigator explained to Mr H the searches were not carried out by TSB and from the information I have seen, I'm satisfied that is correct as TSB would have conducted any searches under its own name and not that of a bank it was part of over a decade ago. As far as Mr H's point regarding the impact on his credit file contributing to the sole reason why he was unable to obtain a mortgage is concerned, I can't see any specific evidence to support this, other than Mr H saying his broker told him that was the case. Unfortunately, I can't take that into consideration here and there's no evidence Mr H actually applied for a mortgage at that time and was declined.

It's also fair to say there's no indication that Mr H's credit file showed any adverse

information, only that an overdraft facility had existed, operating well within the limit on that account. It's also worth mentioning that even if Mr H's credit score was affected, that in its own right is unlikely to be the sole reason why a lender would decline any mortgage offer as it considers a number of factors before making any lending decision.

Mr H has recently provided this service with a copy of a mortgage offer dated June 2024 which indicates certain debts, not his TSB borrowing, needed to be repaid as part of that offer but goes on to say these debts should be repaid using the mortgage funds. I can't say that proves Mr H's point and in any event any mortgage offer is subject to the individual circumstances of the applicant at that time and therefore isn't relevant to any mortgage application Mr H may have made previously – in fact as I said before there's no evidence of any previous applications.

What is clear here is TSB corrected matters when it became aware of the problem and have amended Mr H's credit file to reflect the account closing when it should have. It's worth saying here it's not the role of this service to penalise or fine businesses when bank mistakes like this are made, but to ensure it apologises for that, takes remedial action, and offers a proportionate level of redress. Given there's no material evidence to show Mr H has been financially disadvantaged solely due to its mistake, I am satisfied TSB have done what I would expect in the individual circumstances of this complaint, and I won't be asking it to do any more here. I will leave it with Mr H to contact TSB if he now wishes to accept its offer of compensation of £150.

While Mr H will be disappointed with my decision, I am satisfied this is a fair outcome here for the reasons I have already explained.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 August 2024.

Barry White  
**Ombudsman**