

The complaint

Mr R complains that TSB Bank plc (TSB) hasn't refunded interest due to him and of the time taken to pursue this. He would like money owing refunded to him, and compensation for the distress and inconvenience.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here, instead I will focus on the reasons for my 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 have reached the following conclusions: -

- I appreciate Mr R has been trying to manage his financial situation and has evidenced that he was engaging with a debt management company (dmc) from 2021. We do expect businesses to support customers in such situations but that doesn't automatically mean suspending or refunding interest on accounts.
- Typically, when accounts are in arrears interest payments are suspended but as I understand it that wasn't the case here. The proposal from the dmc was that Mr R made payments that were more than the minimum required on his account so I wouldn't necessarily have expected TSB at this point to suspend interest. Mr R has given us some evidence from the dmc to say TSB would suspend interest but that doesn't state this would be a permanent freeze.
- I haven't seen any evidence TSB agreed to permanently freeze interest. In a phone call in February 2024, which I have commented on below, and in which TSB suspends interest for a short period, TSB states the need to contact the bank every six months if a plan is agreed. So, I don't believe there was ever an agreement to permanently freeze interest.
- However, TSB did support Mr R by agreeing to a payment plan in March 2023 which included stopping interest for six months. Mr R seems to have benefitted in that interest then didn't start again until December 2023, two months later than it should have done.
- TSB additionally refunded interest charged between December 2023 and February 2024. I have seen no evidence that TSB has not made any agreed refunds and I understand Mr R now accepts he has received all the refunds TSB agreed to make.
- The outstanding issue seems to be that Mr R feels TSB should compensate him for misleading him and for the time taken in dealing with TSB.

- I have no evidence that TSB misled Mr R in the advice it gave him. Its phone call in February 2024 is consistent with its final response letter issued in the same month about what he would need to put in place with the dmc in order to freeze interest indefinitely, and that any plan would need the dmc to contact TSB every six months. From that call I think it's clear Mr R hadn't understood the implications of making above the minimum required payments. I think this was clearly explained in this call.
- Mr R has told us he had to keep chasing refunds of interest. I think the issue here is that he seems to have understood there was a permanent freeze on interest which I haven't found any evidence of. If this was what he thought I can understand why Mr R felt, he had to chase refunds when interest started being applied to his account again. I think it's more a case that when Mr R has been in touch with TSB that seems to have generated interest refunds. But that's not in my view because these had been overlooked and shouldn't have been charged, more that TSB reacted to Mr R's phone contact and was trying to support him. As I understand it Mr R's account was never in arrears, there was no automatic applicable interest freeze so technically no payments for Mr R to chase.
- There is, unfortunately, effort and time needed when issues arise that consumers need to deal with but that doesn't always mean it's appropriate for compensation to be paid. In this case I think TSB supported Mr R agreeing a payment plan even though his account was in arrears. It also refunded interest payments even though these were correctly charged according to its terms and conditions. It also correctly advised Mr R of what needs to happen if he wants interest permanently frozen. Whilst I don't doubt there has been some inconvenience and time taken by Mr R I don't feel I can reasonably ask TSB to compensate him as I don't feel TSB has done anything wrong or acted unreasonably

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 October 2024.

Bridget Makins
Ombudsman