

The complaint

Mr B and Mrs B complain that TSB Bank plc stopped paying interest on their account.

What happened

Mr B told us that he opened three TSB classic plus accounts in around November 2014, one in his sole name, and one in the name of him and a close relative, as well as a third he opened in the sole name of that relative. This complaint deals with the joint account held by him and Mrs B, although Mr B brings this complaint on behalf of them both, so I will refer mainly to him in this decision. Separate decisions will be issued for the other complaints he has brought to our service.

Mr B said that he tried to log on to this account in July 2019 and wasn't able to access online banking. He had to go into a branch to get this access reinstated. In late September or early October he logged in, and looked at historic statements. He discovered that no interest had been paid on the accounts between 1 August 2016 and 2 August 2019, when his internet banking access was reinstated.

Mr B wanted to know why the account had stopped receiving interest, and why his internet banking had been blocked. The branch said it had probably happened because Mr B wasn't logging on. He's asked TSB to show him that this is part of the terms of the account but he said it hadn't been able to do that, and the branch staff had accepted that he met the conditions of the account that were initially given to him. Mr B said he'd complained, TSB had acknowledged his complaint but not replied. He wanted us to help.

TSB said this account stopped receiving interest after July 2016. Interest resumed in August 2019. Interest on these accounts is longer payable.

TSB said that there are conditions for the payment of interest on this account. It hadn't applied those conditions before 31 January 2015. It said that after this it did so. Before it applied the conditions, it started to remind customers to register for internet banking, sign up for paperless correspondence and pay £500 per month. It said that for customers who didn't do this, the account stopped accruing interest after June 2016, with the last payment made in July 2016.

TSB has also told us that when it checked the accounts for Mr B and Mrs B, Mrs B wasn't registered for internet banking, and Mr B had only registered in the second half of 2019. TSB has suggested that Mr B and Mrs B have changed their registration for online banking. Our investigator didn't think this complaint should be upheld. I've not set out his detailed reasoning, as I haven't adopted it.

Mr B disagreed. He wanted this complaint to be considered by an ombudsman, so it came to me for decision.

My first provisional decision

I issued a provisional decision on this complaint and explained why I proposed to uphold it in part. This is what I said then:

Mr B has provided very detailed observations on this complaint. I have not set out above all of those points, but I have considered everything that he has supplied to us.

Mr B said he set up this account. He logged in a few times in 2014-15 to make sure that the monthly payment of £500 was going into each account. But he said once he was happy that was working, he logged in very little after that. He said he may not have logged in after July 2015.

Before I start to look at what happened that resulted in interest being stopped on this account, and whose fault that may have been, I want to set out that our service does expect customers to monitor their own accounts. As background, Mr B and Mrs B may wish to be aware that our service will usually expect that people will check their accounts regularly, and much more frequently than once every twelve months. So, if interest should be paid on an account, and it isn't paid for several years, even if I thought the bank was at fault initially, I wouldn't necessarily say that a bank has to pay back all the missed interest. I would expect a customer to notice this, and to alert the bank to this.

Mr B was managing this account for himself and Mrs B, and he didn't monitor the account between August 2016 and August 2019. Interest wasn't paid for three years, and Mr B didn't realise this until he found he couldn't log in, during summer 2019.

That means we now have to look back some time to see what happened, to result in interest not being paid from July 2016. Mr B has asked us to show him the evidence we've received about this. If Mr B would like to see the evidence this service has received, he may do so, and we'll take that forward separately to my decision.

It's worth mentioning at this point that TSB experienced a significant IT failure in 2018. Although I don't think that failure is the reason why interest stopped being paid in this case, I have been conscious in addressing this complaint that TSB might not have complete customer records for Mr B and Mrs B for everything that happened before 2018. I don't think it would be fair to uphold this case solely because TSB later experienced this IT failure, and can't always show the full details of what happened.

I'll now turn to the conditions for receiving interest, whether I think these were met or not, and why.

I don't think we've yet established why interest stopped being paid on this account. Although we may not be able to tell for sure now what happened in 2016, I think we can consider what is most likely to have happened.

I can see that Mr B has concentrated on whether paper statements were issued. Mr B and Mrs B say they haven't been receiving these. And I think that's likely to be right. I don't think that TBS has switched off paperless statements in July 2016 when the interest stopped, or started sending paper statements. We now know Mrs B wasn't receiving post from TSB during this time, as a result of an unrelated problem. But, although I know Mr B moved at some point during the three years that this account wasn't getting interest, I don't think it's likely that three years of his post has gone astray.

But I don't think that is key.

TSB says that it thinks Mr B and Mrs B cancelled their internet banking.

I don't think that's what happened in this case either.

I think it's worth setting out a little background to these accounts here, before I set out what I do think happened.

The documents given to Mr B and Mrs B when this account was opened make clear that the payment of interest on these accounts is subject to certain conditions. Those conditions are that they must –

- pay into your account at least £500 during the calendar month: and
- have registered for paperless statements and paperless correspondence, if available.

Mr B says he registered, so that's it. The account should get interest. But this isn't all that the document he sent us says. It also goes on to say "If you do not meet both of the Plus conditions you will not earn interest on the amount in your account. ... Further details on the Plus conditions and what happens if you do not meet the Plus criteria can be found in the account literature". So it's clear that the document Mr B has shown us doesn't contain all the conditions of this account.

TSB has explained to our service that it didn't enforce the account conditions before 2015. It didn't do anything about customers who weren't using their online banking before then. But in 2015, it started to issue warnings for customers who weren't complying with the conditions, as it understood them. In July 2016, it stopped paying interest to a number of account holders who weren't reading their online correspondence. TSB considers that reading those messages is a condition for receiving interest on these accounts.

I understand that when TSB first discussed this problem with Mr B in the branch, it said it thought this was probably what had gone wrong. It's since said it doesn't think that, because it can't see a note on its system from July 2015 saying that it contacted Mr B or Mrs B about this. That's why it thought that Mr B and Mrs B must have removed their online banking.

But Mr B has sent us an email he received in July 2015, which does warn him about the consequences of not reading his electronic correspondence. That contained the following warning about not reading online correspondence –

Personal Current Account and Savings Account
Correspondence

If you do not log onto Internet Banking for three consecutive months we will send you an email asking you to look at your correspondence online. We will also send you additional reminders by e-mail after six months and then again at nine months. If you do not log on for twelve consecutive months we will start sending you paper correspondence again.

So I think that what is likely to have happened in this case, is that TBS stopped sending Mr B and Mrs B important documents by electronic correspondence, because it could see that they weren't reading this correspondence. And I think that in turn is why they stopped getting interest. Because they had stopped complying with the condition of this account that requires them to receive all their correspondence online.

Mr B says he was receiving electronic correspondence, because he was getting emails. But that's not what TSB means by electronic correspondence. It means the

secure messages it's sending to him and Mrs B through online banking. TSB can't currently send detailed information about their accounts by email, it's not yet sufficiently secure. It does that through the correspondence they get within online banking.

If TSB switched that electronic correspondence off, then that raises two very closely linked questions – is it a term of the account, that electronic correspondence has to be read to get interest? And is it reasonable for TSB to switch off electronic correspondence, if it's not being read?

The terms of these accounts don't expressly state that reading online messages is a condition for receiving interest. But receiving electronic correspondence is.

Mr B and Mrs B agreed to receive their correspondence electronically, including very important documents like notification of charges. So I think it is reasonable to expect, if Mr B and Mrs B agreed to receive all their important communications online, that they would realise that they needed to read these communications. I think the strong implication, when someone signs up for online communications, is that they are going to make arrangements to read those communications, and that they will do so reasonably frequently. I think that is so strongly implied, that I don't think it needs to be a separate term.

And I've already mentioned that the correspondence Mr B and Mrs B agreed to receive online included very important documents. So I think that it is reasonable for TSB to be concerned if Mr B and Mrs B weren't reading those letters. Although I know TSB can't evidence this now, the email Mr B has sent us, and the evidence I've seen of what happened on this account, makes me think it's most likely that TSB did switch off electronic correspondence. I think that's reasonable.

Once those electronic documents are switched off, then interest stops. I think that's clear from the terms of the account. I think that's likely to be why interest stopped being paid in this case.

But some other things have gone wrong with this account too.

I note that this account is supposed to revert to paper statements if no one logs in for a year. Both Mr B and Mrs B say they have never received paper statements for this account, and I think it's unlikely that three years of statements have gone astray. So I think that the account didn't revert to paper statements.

I still think that the primary responsibility for keeping an eye on their accounts rests with Mr B and Mrs B. But I do note that TSB has failed to send paper statements, which would've provided a prompt to Mr B and Mrs B to make sure they started to get interest payments again. I'll bear that in mind when I think about compensation in this case.

I also note that both Mr B and Mrs B found they were blocked from online banking in summer 2019. I don't know exactly why this happened. TSB said this shouldn't happen just because of the length of time since online banking was used. TSB said to Mr B that he and Mrs B must have switched off their online banking. I don't think that's likely. I think it could possibly be related to TSB's IT failure. But I think what TSB has said here has added to the confusion in this case, and delayed a resolution. So I'll bear that in mind when I think about compensation in this case.

Mr B also said he'd never received a response to his complaint. Our investigator said that TSB had told us it had recently received correspondence returned from his address so it hadn't sent the full response to him. I can see from his reply to our service that Mr B didn't accept this. But I can also see that TSB sent us this complaint response letter in February of this year. Our service can send that on to Mr B, so I have arranged for this to happen now.

I've explained what I think is likely to have caused interest to stop being paid on this account – the paperless correspondence wasn't being read. I've also explained that I think other things have gone wrong – paper statements weren't sent, and TSB seems to have me to have caused some confusion in the resolution of this complaint.

I don't think TSB has to pay for missed interest. But I do think it should pay £150 in compensation for this complaint, to make up for not switching on paper statements (which is likely to have prompted the resumption of interest) and for confusion in resolving this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Both TSB and Mr B have sent us further representations, and TSB has now sent our service new evidence, but I haven't changed my mind on the appropriate award in this case. I'll explain why I've reached that decision.

Mr B commented on the final response letter, which he hadn't received at the time. But he said that he thought we'd moved beyond that now. He was happy that I had acknowledged failures on TSB's part, and decided he and Mrs B should be paid some compensation.

Mr B commented at length on one of his related complaints, I'll deal with those comments there. He also said that he didn't think the compensation accounts for the time, effort, frustration and stress he and Mrs B had experienced in dealing with this. And he thought much of this would not have been necessary if they had received honest and timely responses.

I understand Mr B's frustrations in trying to find out what has gone wrong here. And I'm seeking to provide answers on that for him and for Mrs B. But as I've not been able to see that TSB did anything wrong when it ended the payment of interest to this account. And I don't think I can fairly increase the payment of compensation I have suggested for what's gone wrong in this case.

TSB wanted me to reconsider, and it has offered new evidence in support of part of its argument. It said that the outcome appeared to hinge on TSB not having issued paper statements to Mr B and Mrs B. And it said that, although it was a term of the account that it would revert to paper statements if no one logged in for a year, that had then changed. It didn't think that it should've sent Mr B and Mrs B paper statements.

TSB said that it had written to all its customers in September 2015 to detail a change to terms and conditions. It's shown us a copy of this letter, which sets out that statements will no longer revert to paperless if no one logs into the account for a year. This letter said –

“We are changing our Paperless terms and conditions so that they will no longer say that we will revert your statements back to paper statements if you don’t use Internet Banking for twelve months. We won’t revert your statements back to paper statements automatically, but you can ask us to do this at any time if you want to. ... This change is effective from 4 December 2015 ...”

I think that the terms changed on Mr B and Mrs B’s account, and TSB didn’t have to start sending paper statements if they didn’t log in for a year.

Mr B has placed a great deal of weight on the fact that he and Mrs B didn’t receive paper statements. And I can see that our investigator mentioned the term of the account which said that statements would revert to paper in his view. I understand that it is always difficult for a business to decide what to send our service, and filter out what’s relevant from what’s not. But I think it should have been clear by then that evidence saying the term our investigator quoted in his view didn’t apply when the interest stopped on this account, would be relevant. I think that not providing this evidence at the time has prolonged this complaint for Mr B and Mrs B.

TSB has also listed the other emails that it sent to Mr B, which it says should’ve prompted him to log on, and didn’t. It has argued that if Mr B had ignored these, then paper statements wouldn’t have made any difference either. But, as TSB has shown us it wasn’t obliged to send those statements, I don’t think this argument is relevant here.

TSB has also said that it did start to send paper statements to customers after its IT failure in July 2018. But we know that Mrs B already wasn’t receiving correspondence at this time, and Mr B had moved house without giving TSB his new address. He has told us that in the past, the person living at his old address had been good at forwarding mail, but he can’t be entirely sure that everything was forwarded. And we know that no post was sent to his address after February 2019, when post was returned. So, whilst this isn’t TSB’s fault, Mrs B didn’t get these statements, and Mr B may not have received them either.

TSB also wanted to point out what it said were inaccuracies in the provisional decision. It mentioned a notification sent in 2014, and said that this didn’t say interest would stop after June 2016, it said interest wouldn’t be paid from February 2015. TSB has already sent us this 2014 notification, but I don’t think it’s relevant here. Mr B and Mrs B were getting interest until July 2016, and an email Mr B sent us, referred to above, mentions no payments after that date.

TSB said my view suggests Mr B had admitted not having logged on after July 2015, so TSB thought Mr B didn’t monitor the account prior to the August 2016 date I’d mentioned. Mr B didn’t admit this, and I don’t think my decision suggests otherwise. Mr B said he may not have logged on after this. So we don’t know when he last logged on. It seems most likely that Mr B simply doesn’t remember. My decision mentioned August 2016, because Mr B and Mrs B had stopped receiving interest on this account then. So it seemed to me very likely that Mr B didn’t log on from August 2016 onwards, because otherwise he would’ve noticed the missing interest.

TSB said I’d found that Mr B was blocked from online banking in Summer 2019. But TSB said he wasn’t blocked. He was unable to log on because no online banking existed in his name at that time - it had been cancelled previously. And TSB felt that because there was no history of any bank error that would remove the internet banking access of two separate parties (either before or after the IT update) it was unreasonable for me to suggest this was a TSB error.

I know that TSB has maintained that it didn't remove Mr B's and Mrs B's internet access, either deliberately or accidentally. But the alternative explanation it has put forward just doesn't seem to me to be plausible. It seems particularly unlikely that Mr B would delete both his and Mrs B's internet access (especially as he seems to have been well aware that banking electronically was required to operate this account) and then complain some years later that he and Mrs B were no longer getting interest across three separate accounts.

Although TSB has firmly resisted this suggestion, I think it's simply more likely that something has happened, over the years that Mr B and Mrs B didn't access the account, to mean that they were no longer able to do so in 2019.

TSB said that its branch gave Mr B the common explanation for customers who found they had not been receiving interest on the account for some time. And TSB said I was presumably aware that several customers have in the past had their paper correspondence setting reverted back to paper which stopped interest being paid. I also note that TSB told Mr B, shortly afterwards, that this explanation was wrong.

TSB said I'd suggested it had added confusion and delayed a resolution and this was reflected in the redress sum suggested. It didn't agree. It said Mr B re-registered for internet banking on 31 July 2019 and benefitted from interest for the full month of July paid at the beginning of August, and it issued a final response letter within the 8 weeks required.

But that doesn't mean the issue is resolved. Mr B wanted to know what has gone wrong. And our service is now, over a year later, still being sent new evidence on that point by TSB. So I do still think that TSB is partly responsible for the length of time it's taken for this matter to come to a conclusion.

In conclusion, I no longer think that TSB should've started sending paper statements to Mr B and Mrs B after Mr B hadn't logged on for a year. TSB has shown us that this term of the account had changed.

I've thought about whether that should change the proposed award in this case. And I don't think it does. I've considered the amount of time and effort that Mr B in particular has had to put in to finding out what may have gone wrong here, and I still think a payment of £150 provides a fair and reasonable resolution to this complaint.

My final decision

My final decision is that TSB Bank plc must pay Mr B and Mrs B £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 17 February 2021.

Esther Absalom-Gough
Ombudsman