

The complaint

Mrs B complains that TSB Bank plc stopped paying interest on her account.

What happened

Mr B brings this complaint on behalf of Mrs B. He told us that he opened a TSB classic plus account in around November 2014 for Mrs B. This complaint deals with that account. Further decisions will deal other complaints on similar issues that he has brought to our service.

Mr B said that he tried to log on to this account for Mrs B in July 2019 and wasn't able to access her online banking. Mrs B would have to go into a branch to get this access reinstated. I understand that she hasn't yet been able to do this.

Mr B brought this complaint after complaining about problems with interest on other accounts he holds with TSB. He hasn't yet been able to access this account on Mrs B's behalf, but he presumes this account isn't receiving interest either.

TSB said this account stopped receiving interest after July 2016. Interest hasn't resumed. Interest on these accounts is longer payable.

TSB said that there was a problem with Mrs B's address, so it said that it wasn't writing to her at the address it currently holds. It would like Mrs B to confirm her current address.

TSB said that this problem with the address wasn't the reason that Mrs B wasn't getting statements. She was still signed up for paperless statements. But she was no longer signed up for paperless correspondence. So she wouldn't receive interest on this account.

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 account for Mrs B, she wasn't registered for internet banking. TSB has suggested that Mrs B has changed her 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 provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. 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 on Mrs B's behalf. 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 Mrs B, and he didn't monitor the account after August 2016. Interest stopped being paid after July 2019, 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.

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 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. Mrs B says she hasn't been receiving these. And I think that's likely to be right. I don't think that TBS switched off paperless statements in July 2016 when the interest stopped, or started sending paper statements.

Mrs B did not move in this period. But TSB said it received a change of address form for her in early 2015. It wasn't able to update her address then, and it hasn't been able to do so since.

It has stopped sending her post, although it has also said it is still able to send her a new bank card. But TSB has also confirmed that Mrs B is still registered for paperless statements.

So I don't think that is key.

TSB says that it thinks Mrs B cancelled her 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 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 she 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 for Mrs B, so that's it. Her 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 the problems on his accounts with Mr B in the branch, it said it thought this was probably what had gone wrong. But it's since said it thought that Mr B and Mrs B must have removed their online banking.

But we know that Mr B received an email 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 TSB stopped sending Mrs B important documents by electronic correspondence, because it could see that she wasn't reading this correspondence. And I think that in turn is why she stopped getting interest. Because she had stopped complying with the condition of this account that requires her to receive all her correspondence online.

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.

Mrs B agreed to receive her correspondence electronically, including very important documents like notification of charges. So I think it is reasonable to expect, if Mrs B agreed to receive all her important communications online, that she would realise that she needed to read these communications, or at least have someone do this on her behalf. 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 Mrs B agreed to receive online included very important documents. So I think that it is reasonable for TSB to be concerned if Mrs B wasn'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.

Unfortunately, Mrs B won't have received paper documents, because of the pre-existing address problem on her account. But I don't think that's TSB's fault.

Once 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.

Mrs B says she has never received paper statements for this account, and TSB says this account is still set to paperless. So I think that the account didn't revert to paper statements.

I still think that the primary responsibility for keeping an eye on her accounts rests with Mrs B. Although TSB has failed to switch this account to paper statements, that wouldn't have made any difference in this case, because Mrs B's address had already been blocked after her address change failed in 2015.

I also note that Mr B found that Mrs B was 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 Mrs B must have switched off her 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.

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 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 £100 in compensation for this complaint, 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 don't think that's relevant to this case. 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 wanted us to consider that he'd been deprived, in his view, of the opportunity to complain earlier on this case, because he'd been told that his other two complaints (for the accounts he is party to) would be resolved within eight weeks. He said that if he'd known this process would take well over a year, he would've made this complaint sooner.

I don't think that TSB has prevented Mr B from bringing this complaint to our service earlier. And I know our service wrote to Mr B when he first made his other complaints, to apologise for delays we were experiencing in being able to focus on new cases. Mr B hasn't told us about anything that prevented him and Mrs B from going to a branch then, if they wished to do so.

Mr B has pointed to a number of what he considers to be contradictions in TSB's evidence. I have noted in my decision that TSB has changed its explanation for what has gone wrong in these cases. Mr B also said that TSB had now accepted that internet banking for him and Mrs B should not have been blocked. For clarity, it hasn't accepted that. It still maintains that Mr B must have deleted internet banking for himself and for Mrs B. As Mr B will see from this decision, I didn't think that was likely.

Mr B 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 it's important to note that I've not been able to see that TSB did anything wrong when it ended the payment of interest to this account.

Mr B might like to note that, when a third party brings a case on someone else's behalf, our service can compensate the person whose account is being complained about, but we're not able to pay compensation for any distress or inconvenience that the third party has suffered in bringing the complaint. That's the effect of the legislation which allows us to make awards. That issue does affect this case, where Mr B has brought this complaint on behalf of Mrs B. 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, although it was previously 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 Mrs B paper statements. But as TSB stopped sending Mrs B post in May 2015, I don't think that's 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. So, whilst this isn't TSB's fault, Mrs B didn't get these statements.

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. Mrs B was getting interest until July 2016, and an email Mr B sent us, referred to above, mentions no payments after that date if electronic correspondence wasn't read.

TSB said that my view suggests Mr B had admitted not having logged on after July 2015, so TSB thought Mr B didn't monitor this account, on Mrs B's behalf, 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 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 Mrs B was blocked from online banking in Summer 2019. But TSB said she wasn't blocked. She (or Mr B on her behalf) was unable to log on because no online banking existed in her 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 Mrs B didn't access the account, to mean that she was no longer able to do so in 2019.

TSB said 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. But this issue has been ongoing for some time, and it has taken some time to resolve the details in this case. It took TSB some time, for example, to set out when Mrs B had stopped receiving post. 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. And I still think a payment of £100 provides a fair and reasonable resolution to this complaint.

My final decision

My final decision is that TSB Bank plc must pay Mrs B £100.

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

Esther Absalom-Gough

Ombudsman