

The complaint

Mr L complains that TSB Bank plc reviewed his bank account and won't release money held in the account to him. And then closed his account.

What happened

Mr L had an account with TSB. In December 2019, three payments totalling £8,500 were paid into the account. TSB decided to review Mr L's account and asked him for information about the payments. At the time, the balance of Mr L's account was just under £3,000.

Mr L explained that he was self-employed, and that the money was three instalments, paid up front, for building work he'd agreed to complete at a property owned by Mr K. He provided TSB with a copy of a quote dated 16 January 2020, which detailed the work he was due to complete.

TSB said the invoice wasn't enough to show that Mr L was entitled to the funds. And questioned why the invoice was dated *after* the payments had been made to Mr L. TSB said Mr L hadn't shown tax was being included in the costs or that he'd used the money to buy any materials. It said from looking at his account activity most of the money had been spent on gambling once it had credited Mr L's account. In response, Mr L explained that Mr K had expanded the work that he wanted done at his property as and when more problems had been discovered. So, the job kept changing and said VAT would be added onto the final invoice for all the work carried out once it was all done. He agreed he'd used some of the money to fund gambling, but said it was up to him how he spent his money. And he needed the bank to release the funds so that he could finish the work for Mr K. TSB said Mr L needed to provide more information.

Mr L gave TSB copies of Mr K's bank account showing where the money had originated along with a letter from Mr K explaining that he'd contracted Mr L to do building work at his home. Mr L also gave certified copies of schedule for the extended works and costs he'd agreed with Mr K dated 11 and 24 December 2019. TSB reviewed everything Mr L had provided but said there were discrepancies between what Mr L had told them and what was shown on the paperwork – in particular how the VAT had and would be calculated. So, it didn't release the money to Mr L. And decided to close his account.

Unhappy with this response, Mr L brought his complaint to our service where an investigator considered it. The investigator said TSB hadn't done anything wrong when it had blocked Mr L's account and asked him for information about the payments. And that it was complying with its legal and regulatory obligations in not releasing the funds. So, she didn't uphold the complaint.

Mr L disagreed. He wants the bank to release the money it's holding and has given the bank everything he can to show he's entitled to the funds. He said he needs the money to pay his rent and pay labourers to finish the work at Mr K's house.

As no agreement could be reached the matter has come to me to decide.

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.

I've read and considered all of Mr L's submissions regarding his complaint, but I'll concentrate on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I'll deal first with the bank's decision to block Mr L's access to the payments made into his account in December 2019. As the investigator has already explained, TSB has extensive legal and regulatory responsibilities they must meet when providing account services to customers. And to fulfil these obligations they may need to review activity taking place on accounts and ask customers for information about payments – it's entitled and obliged to carry out such checks to help safeguard both the bank and its customers from financial crime such as fraud and address tax avoidance, evasion and noncompliance in all its forms. The terms of Mr L's accounts also permit TSB to block payments, accounts and ask its customers for information.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for TSB to block Mr L's account and ask him for information about the three payments which had been paid into his account by Mr K. TSB has explained that this was its standard procedure, and I accept that it was. Having looked at the activity on Mr L's account statements I can see that the three payments were out of character. Mr L had not previously received any large payments (apart from accounts linked to him), there were no other payments received from Mr K and the majority of the spend on the account were payments to a variety of online gambling sites.

I've looked at the paperwork Mr L has provided, including the letter from Mr K, surveyors report, two quotes and invoice. And I can see from the paperwork that the work Mr L said he'd been engaged to do for Mr K did appear to turn into a much bigger job once some structural issues had been uncovered by the surveyor, which are detailed in the report. So, I think it's more likely than not that Mr L's explanation is plausible. However, this doesn't explain why Mr L produced the quote for £8,500 *after* the money had already credited his account in December 2019 and didn't include VAT. And it doesn't make sense if Mr K was paying Mr L to complete building works, why Mr L would then spend most of that money on gambling.

I've not seen any evidence to show what work Mr L completed for Mr K, such as invoices for materials, labouring costs or a final bill. So, I can understand why TSB had concerns about the payments and wanted to find out more about them in order to ensure it was complying with its legal and regulatory obligations. So, whilst I accept this caused Mr L inconvenience, I can't say TSB did anything wrong when it blocked his account and asked him to provide information about the money paid into his account in December 2019.

The crux of Mr L's complaint is that he wants the money totalling just under £3,000 that was paid into his account released to him. It maybe that Mr L can now provide more information about the funds, such as a final invoice including a full VAT breakdown. But, in the circumstances, I can understand why TSB didn't consider Mr L had adequately explained his entitlement to the money. So, I can't say the bank has treated Mr L unfairly when it decided not to release the money to him. And I won't be asking the bank to do so.

I then turn to the bank's decision to close Mr L's account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Banks should however, give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case TSB closed Mr L's bank with 60 days' notice. So, I'm satisfied that the bank has acted in line with the account terms and relevant regulations. And I can't say the bank has done anything wrong or treated Mr L unfairly when it closed his account.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 22 November 2021.

Sharon Kerrison
Ombudsman