

The complaint

Mr K complains TSB Bank plc ("TSB") shouldn't have blocked his account, returned a payment to the sender, and withheld another from the same individual.

To put things right, Mr C wants TSB to refund him the payments, apologise and pay compensation for the distress and inconvenience this matter has caused.

What happened

In April 2020, Mr C received two payments into his TSB account from the same person. The first was for £100, and the second £600. In July 2020, TSB received information from the remitting bank of fraudulent activity. As an indemnity was presented to it, TSB returned the £100 to the source account.

TSB blocked Mr C's account to carry out a review. It also withheld the other payment of £600 from the same sender. TSB also asked Mr C to explain the nature of these payments - and his entitlement to them.

Mr C complained to TSB. In its response, TSB said it had done nothing wrong. Unhappy with what TSB said, Mr C referred his complaint to this service.

One of our investigators looked into the matter. Mr C later complained about the administration and repayment collection on a loan he had with TSB. This matter is separate to this complaint. Mr C's account, where these payments were sent to, was closed in April 2021.

Overall, and in summary, our investigator concluded:

- TSB acted fairly by blocking Mr K's account and returning a payment of £100 back to the remitting bank
- TSB acted fairly and reasonably when deciding to withhold the £600 as Mr K couldn't show he was entitled to it
- But TSB should have released the £600 payment to Mr K much sooner than it did. It should have released this in October 2020. Because of this TSB should return the sum and pay 8% from October 2020 till settlement
- TSB should compensate Mr K £200 for the distress and inconvenience the delay in returning the payment has caused him

Mr K doesn't feel the amount of compensation is fair. He says it doesn't take into account the amount of phone calls he made to TSB, the mental impact the matter has had on him given his state of mind at the time, and because of the harassing letters he received from TSB.

This matter has now been passed 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.

Having done that, I've agreed to uphold this complaint in part. I'll explain why.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Given the information TSB were presented to by the remitting bank, I think it acted fairly and reasonably in putting Mr C's account under review. And for the same reasons, for which I'm under no obligation to disclose here, I'm satisfied it acted fairly when returning the £100 payment to the sending bank.

As I'm persuaded the information TSB received from the remitting bank gave rise to genuine concern, I also think TSB acted reasonably and fairly by placing the £600 in its sundry account – thereby withholding access to it.

But I do agree with our investigator that TSB held onto this payment for longer than it ought to have. I say that because a reasonable period of time had passed and no indemnity or claim otherwise was made against that payment by the remitting bank and/or a vested party.

It's difficult to say when TSB should have returned this payment after withholding it in July 2020. Our investigator said October 2020 – some three months later. It could be argued this is too short a period as it doesn't allow TSB to be assured there's no longer a risk of a claim being made. Ultimately, there is an arbitrary line I must draw. Without any argument to the contrary, I think returning the money in October 2020 is reasonable.

Mr K says he received several letters from TSB which he found harassing. It appears he is mainly referring to letters he received to do with repaying his loan with TSB. That, as I've alluded to, is a separate matter to the one I'm deciding here.

I am however satisfied the letters he received in relation to *this* complaint were proportionate and do not amount to 'harassment'. In short, they addressed Mr K's concerns and referred him to this service should he remain dissatisfied.

Mr K says he made lots of calls to TSB in relation to this matter. I note the screenshots he has sent are largely outbound calls, that means he decided to make them. Also, the number called is a collections department call. It could be that they were about the loan repayments.

Mr K says that was the number he was given to call. I accept that having to make these calls would have been inconvenient and caused some distress. TSB were taking Mr K's complaint seriously and were handling it as I would expect, but it's likely he would have had to make fewer calls than he did had the £600 been returned sooner.

Mr K says his mental health condition was worsened by TSB's actions. He has sent in a letter which shows that as early as 2019 he was being treated by a medical professional. I accept TSB's actions may have added or adversely affected upon Mr K's condition.

But as I've said, TSB acted fairly in returning the £100 and withholding the £600. I can't determine with much certainty how holding onto it longer would have caused further distress, but it is something I have taken into account when reaching what I think is fair compensation.

for the distress and inconvenience Mr K has suffered due to TSB's inertia.

Having said that, I haven't seen anything conclusive which expressly shows Mr K's condition was further deteriorated by TSB taking longer than it ought to have in returning the £600 payment to Mr K.

For the reasons I've explained above, I'm satisfied £200 is fair compensation for the distress and inconvenience Mr K has likely suffered because TSB withheld funds it should have released sooner than it did.

Putting things right

To put things right, TSB should:

- Pay 8% simple interest on £600 three months after it originally withheld the payment. I understand this to be from October 2020
- Pay Mr K £200 compensation for the distress and inconvenience caused by not returning his payment sooner

My final decision

For the reasons I've given above, I uphold this complaint in part. And I direct TSB Bank plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 April 2022.

Ombudsman