

The complaint

The estate of Mrs B, represented by Mrs S, complains that TSB Bank plc didn't send out correspondence related to a Passbook Saver account held with it.

Mrs S is assisted in this matter by Mr S. But, for ease, I'll refer to Mrs S throughout.

What happened

In October 2019, Mrs S received a letter addressed to the late Mrs B from TSB relating to a Passbook Saver account that Mrs B held with it. Mrs S said that the letter included information related to the Financial Services Compensation Scheme (FSCS) and that TSB was required to ensure they were aware of the information in the letter each year. However, this was the first time she was aware Mrs B held this account with TSB as she had never received any correspondence from TSB about the account before. This was despite being the executor of Mrs B's estate from 2015 when Mrs B passed away and having acted as her Power of Attorney for several years before this.

Mrs S contacted TSB and removed the money from the account shortly after receiving the letter, which amounted to £9,642.04. However, unhappy with matters, Mrs S also complained to TSB. Mrs S felt that they had lost out on the value of the interest the money would have earned had it been invested in a fixed term account earlier.

TSB reviewed matters. In summary, it said correspondence about the account would have been sent at the point TSB split from being a larger bank in 2013. Although, it also pointed out that the correspondence after this point would have been limited due to the nature of passbook accounts. TSB also said it wasn't aware that Mrs B had passed away in 2015.

TSB further explained that the passbook would have been in Mrs B's possession, and it therefore couldn't be held responsible if the account hadn't previously been discussed with Mrs S. Mrs S remained unhappy with TSB's response and brought the complaint to this service. An investigator reviewed matters and didn't recommend the complaint be upheld as she didn't think TSB was responsible for Mrs S not being aware of the account.

TSB didn't dispute our investigator's findings, but Mrs S did. She thought TSB should have provided an annual summary about the account from 2013 but it didn't do so. So, she still thought TSB should cover the loss of interest the funds could have earned over the period. She also pointed out that there had been issues previously with the address details held on file, which resulted in some correspondence being sent to an incorrect address in the past.

I issued a provisional decision where I explained I wasn't persuaded that correspondence about the account had been sent to the correct address prior to 2019 and I thought that the estate had lost out as a result. So, I explained I was minded to uphold the complaint and ask TSB to pay any loss of interest based on what the estate would have likely earned, had the money been moved into a fixed term account.

Mrs S was satisfied with my provisional decision. TSB disagreed with it. In summary, it said that Mrs S should have been aware of the account as the executor of the estate because the

balance of the account was not a small amount, and she became aware of it when it was closed in December 2019. It also pointed out that the account was receiving interest during the time it was open, which the estate has had the benefit of.

Overall, TSB didn't agree it should be held responsible for any loss of interest that may have occurred just because it couldn't say for definite that it sent the letters relating to the FSCS, as other correspondence could have been sent over the period.

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 haven't changed the opinion I expressed in my provisional decision. I've explained my reasoning below. But before I do so, I want to say that I have taken on board all of the additional comments TSB raised in response to the provisional decision.

In its submissions to this service, TSB has said it would have sent out correspondence about the account over the years, including annual interest statements and notices of variation. So, it thinks it has done enough to notify Mrs S of the existence of the account. However, Mrs S has said she didn't receive any correspondence from TSB prior to the letter dated October 2019 and had no knowledge of the account up until this point. Mrs S says that once she received the letter from October 2019, she contacted TSB shortly afterwards to arrange the withdrawal of the money.

On balance, I'm not persuaded that correspondence about the account was sent to the correct address prior to 2019. I say this because Mrs S said the letters weren't received and I find her comments plausible. This is somewhat backed up by the actions she took upon receipt of the letter in October 2019 – which is the only letter that isn't in dispute was sent.

Additionally, whilst TSB says correspondence was sent over the years, it hasn't been able to evidence the address it sent these to – other than the letter sent in October 2019 which Mrs S says was received. I've also noted that there were issues with the address details held on the system in 2012. Based on the records I've seen, I can't see that these were updated sufficiently at the time and it appears that the most recent address held in 2012 was incorrect.

Clearly, the address details held in 2019 were correct, but it's unclear how these were updated, given that there would have been no contact from Mrs S who says she wasn't aware of the account. On balance, this makes me think it's more likely that TSB's IT systems reverted back to the correct address in 2019 instead.

Had Mrs S received correspondence from 2013, she could have accessed the money in the account and done something with it earlier than she did in 2019. Mrs S told this service she feels they have lost out on the interest the money would have earned over this period, had it been invested in a fixed term account and would accept this amount as a fair resolution to the complaint. Having reviewed Mrs S's testimony, and the management of Mrs B's other accounts, I consider it plausible that the money would have likely been moved, had Mrs S received correspondence about the account.

As I'm not persuaded the letters were sent, I think the estate has lost out here. So, I uphold the complaint and require TSB to pay any loss of interest based on what the estate would have likely earned had the money been moved into a fixed term account. It should pay this from September 2013 – when TSB took responsibility for the account – until the account was closed in December 2019. Mrs S thinks a rate of around 1.5% is fair. I've thought about what

Mrs S has said and I've reviewed information about available rates from the time on fixed term products. And, on balance, I consider this to be a reasonable amount to award in the circumstances.

My final decision

My final decision is I uphold this complaint, and require TSB Bank plc to calculate the difference between the interest received on the funds in the Passbook Saver account from September 2013 until December 2019 and the interest that would have been received over the same period had the funds been transferred into a fixed term account with an interest rate of 1.5%. It should then pay the difference to the estate of Mrs B.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs B to accept or reject my decision before 30 March 2022.

Hana Yousef
Ombudsman