

The complaint

Mrs W and Mr G are unhappy with the service Mrs W received surrounding restrictions that TSB Bank plc placed on their joint account.

What happened

Mrs W and Mr G hold a joint current account with TSB. Mrs W also holds an ISA account in her sole name. In November 2021, Mrs W transferred the balance of her ISA account to the joint current account with the intention of transferring the money onwards from that account. However, she found that she was unable to move the money out of the joint current account.

When Mrs W contacted TSB, she was told the account was restricted because TSB had been informed several weeks previously that Mr G was entering into insolvency. As such, all transfers out of the account were restricted, and Mrs W was told by TSB that she'd need Mr G's insolvency practitioner to authorise the transfer of the money deposited from her ISA out of the joint account. Mrs W and Mr G weren't happy about this, so they raised a complaint.

TSB looked at this complaint. They explained they weren't required to have informed Mrs W when they placed the restriction on the joint account that they did, and they didn't feel that they'd acted unfairly towards Mrs W in how they'd managed the situation. Mrs W and Mr G weren't satisfied with TSB's response, so they referred their complaint to this service.

One of our investigators looked at this complaint, but they also didn't feel that TSB had acted unfairly in how it had managed the situation, and so they also didn't uphold the complaint. Mrs W and Mr G remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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 issued a provisional decision on this complaint on 25 July 2022 as follows:

I feel it's reasonable that TSB would have placed restrictions on the joint current account given that it had been informed that one of the account holders – Mr G – had entered into insolvency.

But TSB were also aware that Mrs W was a joint account holder for the current account, and that Mrs W had accounts in her sole name, such as the ISA account. And so, while TSB may not have been required to have informed Mrs W of the restrictions that they placed on the joint account, I don't feel that they acted fairly towards Mrs W by not informing her as such.

This is because by not informing Mrs W that restrictions had been placed on the joint account they didn't mitigate against what actually transpired here, which was Mrs W

transferred money from her sole ISA account (money that was her money alone) into the joint current account, and was then unable to move the money from that account because of the restrictions placed on the account that she hadn't been made aware of.

In their correspondence with this service, TSB have explained that it's expected and assumed that Mr G would have informed Mrs W of the restrictions that TSB had made Mr G aware had been placed on the account. But TSB's assumption here was incorrect, and I feel that Mrs W has incurred detriment as a result.

Ultimately, TSB placed a restriction on an account which Mrs W was a joint holder of and didn't inform her of that restriction. This led to Mrs W making a transfer to that account which I'm satisfied she most likely wouldn't have made had she been aware of the restriction, and being unable to access the money transferred from her ISA as a result.

This doesn't feel fair to me, so my provisional decision here is that I'm upholding this complaint and instructing TSB to pay Mrs W 8% interest on the balance that she transferred into and later out of the joint account (having obtained authorisation from Mr G's insolvency practitioner to do so) for the period of time that money was unavailable to her – i.e. the date it was transferred into the account to the date it was transferred out. Additionally, TSB must also make a compensation payment of £200 to Mrs W for the trouble and upset that she's incurred here.

TSB have confirmed that they do not agree with my provisional decision as they weren't permitted to have told Mrs W of the insolvency of Mr G.

I don't disagree with TSB's position here. But TSB didn't have to tell Mrs W about the insolvency of Mr G. Instead, they could have simply informed Mrs W that restrictions had been placed on the account, such that any money transferred into the account wouldn't be able to be transferred out of the account. This would have given Mrs W the information needed to be able to avoid what happened here without any breach of Mr G's privacy.

Ultimately, I remain satisfied that TSB didn't provide a fair or reasonable service to Mrs W by allowing her to transfer her own money into the joint account that TSB had restricted because of information received about the other joint named party. And I don't accept that it was Mr G's responsibility, as that other joint named party, to have informed Mrs W of the restrictions that TSB had placed on the account.

And while TSB may point to the terms of the joint account, which state that TSB don't have to provide information to both holders of such an account but can only inform one party, it can be the case that an application of written terms can result in an unfair outcome in certain circumstances – which it's my firm belief has been the case in this instance.

All of which means that I find no reason not to issue a final decision upholding this complaint in Mrs W and Mr G's favour on the basis outlined in my provisional decision above. And I can confirm that my final decision is that I do uphold this complaint accordingly.

Putting things right

TSB must pay Mrs W 8% simple interest on the balance that she transferred into and later out of the joint account for the period of time that money was unavailable to her – i.e. from the date it was transferred into the account to the date it was transferred out.

TSB must also make a further compensation payment of £200 to Mrs W for the trouble and upset that she's incurred.

My final decision

My final decision is that I uphold this complaint against TSB Bank plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs W to accept or reject my decision before 21 September 2022.

Paul Cooper
Ombudsman