

## **The complaint**

A company, which I'll refer to as Z, complains about various problems following TSB Bank Plc's April 2018 IT changes.

Z is represented in this complaint by its solicitor.

## **What happened**

Z's representatives told us:

- At the beginning of April 2018, it banked with TSB. Towards the end of April 2018, TSB carried out changes to its IT systems – and those changes had a significant impact on Z.
- Z lost access to its online banking facility for nearly two weeks. Z relied heavily on online banking to make around 200 payments a month, so having to make payments over the phone or by visiting the local TSB branch was inconvenient and caused delays to payments.
- Even after online banking was restored, Z was no longer able to use some of the features offered by its third party accounting software. Those features were important to the efficiency of Z's accounts staff.
- For several months after the IT changes, Z could not set up new payees online. It set up an average of ten new payees each month, but setting up each one took around 20 minutes longer than the time it would have taken using online banking. TSB eventually set up a system where Z could email the bank with details of new payees, but even then, Z was unable to control exactly when payees were set up. That prevented Z from running in its usual efficient manner.
- TSB also changed the amount Z could pay out per day through online banking
- Z's staff were able to see details of an unrelated customer's account under Z's business profile – and so they are concerned that other people might be able to see Z's information.
- Ultimately, Z had no option but to move to a different bank. This in itself caused difficulties, and resulted in the restructuring of one of Z's departments – and required Z to make a redundancy payment to a member of staff.

Both parties accept that TSB's service has been poor. The dispute now is about the appropriate level of compensation. TSB considers that it should pay £1,500 for inconvenience, plus £50 to cover the cost of phone calls, but it does not agree that its errors caused Z financial losses. Z's directors consider that an award in the region of £190,000 would be more appropriate.

One of our investigators looked at this complaint, but she didn't recommend that TSB increase its offer. Briefly, she said:

- She didn't think TSB's errors had caused Z to suffer financial losses. She acknowledged that Z's representative had said Z's staff had to work over 700 additional hours as a direct result of TSB's failings, but she hadn't seen evidence to persuade her that such a substantial amount of extra work had been involved. In particular, the contracts Z had provided for its additional temporary staff weren't enough to show that those people were employed to deal with the issues Z faced following TSB's IT issues.
- Z has provided emails from its former clients, terminating their contracts with Z. But she didn't think there was enough evidence to show TSB's IT issues had caused those clients to move away from Z. She noted that not all of the emails mentioned banking problems, and those that did also mentioned other issues with Z.
- Similarly, she didn't think there was sufficient evidence to show that Z had lost the opportunity to make sales commission because of TSB's errors, nor was there sufficient evidence to show that Z had made a financial loss because of the data issues.
- However, she accepted that TSB's errors had caused Z a significant amount of inconvenience. As examples – but not an exhaustive list – Z didn't have online access to its bank account for nearly two weeks, when online banking was restored, it was often logged out without warning, and there were difficulties in setting up new payees. In respect of the payees, she thought that TSB had quickly set up a viable alternative – for Z's employees to email payee details to TSB staff – but she still accepted that the issue had caused considerable inconvenience.
- She didn't think TSB was required to ensure compatibility with Z's third party accounting software, so she didn't recommend that it pay compensation for that issue. She also thought TSB was entitled to set limits on the amounts of the faster payments Z made through online banking.
- The Financial Ombudsman Service cannot make an award to Z for the distress suffered by its staff. The complainant here is Z, and she explained that as a limited company Z is not itself capable of suffering distress.
- Finally, she didn't think TSB should be required to pay compensation for the consequences of Z's decision to move to another bank.
- Overall, she thought TSB's offer to pay a total of £1,550 represented fair and reasonable compensation.

Z's representative told us that Z did not accept our investigators findings, and asked for the matter to be referred to an ombudsman.

### **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 am sorry to further disappoint Z's directors, but having done so there is very little I can add to what our investigator has already said.

Some of the changes Z complains about were changes TSB was entitled to make. I agree with our investigator that TSB was not required to ensure that its systems were compatible with the third party accounting software, nor was it required to allow Z to make faster payments of the amount Z wanted using online banking.

However, it is clear that the difficulties Z experienced with accessing its online banking were the result of TSB's April 2018 IT changes. It is not in dispute that TSB's online banking facilities performed poorly (or not at all) for a period of several weeks. But I have not seen evidence to persuade me that TSB's errors caused the losses Z claims.

I acknowledge that Z's representatives feel strongly that £1,550 is nowhere near sufficient compensation for everything that Z has been through. But having considered all the evidence, and applied my own judgement, I think the offer TSB has already made is fair.

### **Putting things right**

If it has not already done so, TSB must pay Z £1,550.

### **My final decision**

My final decision is that the amount TSB Bank Plc has already offered represents fair and reasonable compensation in the circumstances of this complaint.

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

Laura Colman  
**Ombudsman**