

## **The complaint**

Mr A complains that TSB Bank plc blocked and then closed his accounts and didn't let him withdraw his funds.

## **What happened**

Mr A had an account with TSB. In October 2021, TSB blocked the account while it carried out a review. It completed the review in November 2021, and decided to close Mr A's account. At this time, however, TSB wasn't willing to give Mr A access to the remaining funds. Dissatisfied, Mr A complained to TSB and referred the complaint to us.

After the complaint was referred to our service, TSB offered to pay Mr A £250 for the trouble and upset its actions caused. It also offered to pay simple interest (the rate was 8% a year) from the date the account was blocked until Mr A got the money back. Our investigator looked at this and thought that what TSB had offered was fair.

Mr A didn't initially agree. He doesn't accept that the compensation TSB awards should reflect this impact its actions had on him – he says these were his funds which should have been available for him to use when he chooses to. He thinks that fair compensation would be 100% interest and £1500 in compensation, to ensure this wouldn't happen to anyone else.

After our investigator explained our approach in more detail, Mr A said he agreed to the compensation TSB offered. But after TSB paid the compensation, Mr A says he didn't understand the offer – he thought he'd get 8% of the funds that were withheld, which is £272. The interest TSB worked out came to £30.11 after tax. Mr A has therefore asked that the complaint be referred to an ombudsman. The complaint has therefore been referred 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.

Financial businesses, like TSB, are subject to legal and regulatory requirements. These require them to monitor customer's accounts and may mean they need to review transactions or accounts at any time. Where it does this it doesn't need to give reasons. And these legal and regulatory requirements may need TSB needs to block the account while the review is carried out.

Based on what I've seen, I'm satisfied TSB was acting in line with its legal and regulatory requirements when it reviewed and blocked Mr A's account.

I'd expect TSB to complete any review in a timely manner. Here, TSB accepts that it could have released Mr A's funds sooner than it did. And although I accept that the terms and conditions may have allowed TSB to close Mr A's account, I'd expect it to give him reasonable notice of this – and in Mr A's case he effectively lost access to the account

immediately.

I accept it might have taken TSB some time to complete its review. Nonetheless, TSB has agreed to pay simple interest – the rate is 8% simple per year – from 11 October 2021 when it blocked the account until Mr B got the funds back on 20 December 2021. It has also offered to pay Mr A £250 for the distress and inconvenience it caused.

As such, I think the main question left for me to consider is whether this offer is fair.

Where I decide, or a business agrees, that a complaint should be upheld, the compensation I'd recommend is intended to put the consumer so far as is possible in the position they'd be in if things had happened as they should have done.

Here, TSB has already returned the £3,440.35 held in the account when the account closed. So I've considered if TSB needs to do more.

TSB accepts it could have released Mr A's funds sooner. So it has agreed to pay simple interest to Mr A to compensate him for the time he's been out of pocket. The rate is 8% simple a year.

Mr A thinks he should get more. He's suggested a rate of 100%. He's also questioned why TSB has paid him £40.14, when he's worked out 8% would come to £272.

I'm not persuaded it would be fair to award interest at 100%. This part of the award is intended to compensate Mr A for the time he's been deprived of money. It wouldn't have cost customers in the position of Mr A that much to borrow money, and nor would they have received that level of return had they invested it or left it in the account. Moreover, this is not intended to punish TSB. In the circumstances of Mr A's complaint, and in line with our general approach to compensation for being deprived of money, I'm satisfied a rate 8% is appropriate.

I appreciate Mr A worked out he'd get more. But the rate is 8% per year, so for periods of less than a year Mr A receives a proportionate amount – here, just for the period between October 2021 and December 2021. I recognise Mr A is disappointed by the amount. But as I've already said, I'm satisfied this is a fair approach in the circumstances of Mr A's complaint.

I've next turned to the compensation for the distress and inconvenience TSB accepts it caused. I note that our investigator asked Mr A for further information about his circumstances, so we could assess the impact TSB's actions had on him. But Mr A said he wouldn't provide this. In particular, he said that some of the information he had also included details that weren't related to this complaint but that he wasn't comfortable sharing with us. Mr A also says that he'd lost his phone which included information about some of the payments into his account. I therefore need to consider the impact based on the other information I've seen. Based on everything I've seen, I accept that being denied access to the account would have been inconvenient to Mr A. That said, he appears to have used the account infrequently, mainly to receive money from the sale of gift vouchers. It appears he had access to other accounts. And while he's sent us rent statements and council tax showing he was in arrears, this is something that predated the closure of the account and I'm not satisfied that TSB's actions made a material difference to his position. Mr A has in any case now had the funds back.

With this in mind, while I appreciate that this will be disappointing to Mr A, I can't fairly tell TSB to pay him more. Based on what I've seen, I'm satisfied £250 fairly reflects the trouble and upset TSB caused.

I note Mr A says he doesn't understand why his individual circumstances are relevant to the compensation we'd award. In particular, he feels this was his money to do with as he pleased, and that we should award a significantly higher sum to ensure this doesn't happen to anyone else. He suggests that we're telling him how he should spend his money and what is important for him. I recognise Mr A's strength of feeling on this point. But where I award compensation for distress, inconvenience, pain or suffering, this isn't to punish the business but to reflect the impact its actions had on the complainant.

For these reasons, I think that the offer to pay Mr A £250 and simple interest is fair.

### **Putting things right**

For the reasons above, I think fair compensation in the circumstances of Mr A's complaint would be:

- £250 for the trouble and upset TSB caused.
- simple interest (the rate is 8% simple per year) on the amount that was left in Mr A's account from the date of the block until the date Mr A has got it back.

TSB says it has already paid this. HM Revenue & Customs required TSB to deduct tax from the interest. It says this came to £10.03. TSB should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate..

### **My final decision**

For the reasons above, I uphold this complaint. TSB Bank PLC has now offered fair compensation in the circumstances of Mr A's complaint. I understand TSB Bank PLC has already paid this. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 March 2023.

Rebecca Hardman  
**Ombudsman**