

## **The complaint**

Miss P complains that TSB Bank plc unfairly closed her bank account without notice and delayed the release of the money she held within it.

## **What happened**

Miss P banked with TSB, holding business and personal accounts. Miss P also held a Bounce Back Loan with the bank and, after concluding that she was ineligible for it, TSB decided to end its relationship with Miss P. The bank's decision on Miss P's Bounce Back Loan and business account is the subject of a separate complaint.

TSB wrote to Miss P on 4 March 2021 to say that it was closing her account with immediate effect. At this time, the account had a balance of just under £800.

In the event, the account remained open until 14 July. Following some direct debit payments, the balance reduced to around £550. TSB says it sent Miss P a cheque for the balance on 14 July.

Miss P says there was no basis for TSB's actions and that being unable to access her money was distressing. She says she had to borrow money from family to cover bills while awaiting the release of funds held with TSB. TSB says it closed Miss P's account in line with the terms and conditions.

One of our investigators reviewed Miss P's complaint. He didn't think TSB had done anything wrong in closing the account, but he couldn't see why it had taken the bank so long to release the account balance to Miss P. So he recommended that TSB pay Miss P £150 for the distress and inconvenience this delay had caused.

Miss P didn't accept our investigator's view, as she didn't think TSB had any basis on which to close her personal account and thought £150 compensation was insufficient. TSB didn't accept our investigator's view either. It said that the account had remained open until 14 July, and that Miss P had access to her funds. So the complaint was passed to me to decide.

## **My provisional decision**

My initial view of this complaint differed from that of our investigator. So I issued a provisional decision setting out my findings, and invited both parties to let me have any further information or evidence they wanted me to take into account before I made a final decision.

I said:

TSB's decision to close Miss P's personal account was based on its review of her Bounce Back Loan application. That is the subject of a separate complaint, under which I have provisionally found that the bank erred in its conclusion. It follows that I don't think TSB had legitimate grounds to terminate its relationship with Miss P as a

personal customer either. So, from what I've seen so far and subject to the final decision I reach on the complaint about Miss P's business accounts, I am intending to uphold this complaint and direct TSB to compensate Miss P for the impact of the immediate closure of her personal account.

TSB says that Miss P retained access to her personal account until it was belatedly closed in July 2021, when it says it released the balance to her by cheque. But it hasn't evidenced this. The fact the account was open – and that direct debits were still being paid – doesn't mean that other restrictions weren't in place. I can't see why Miss P would've chosen not to access the account, when it was evident that being without the money was causing her some considerable trouble and upset.

All of this means I think Miss P was unfairly deprived of access to her funds from around 4 March 2021 until she received a cheque from TSB last May. I acknowledge that TSB's records suggest that it sent a cheque for the closing balance to Miss P in July 2021, but it seems this wasn't received. While the missing cheque may not have been the fault of the bank, the situation only arose because of its error in closing the account in the manner it did. To compensate Miss P for being deprived the use of her funds, I think TSB should pay her 8% on the closing balance for the period 4 March 2021 to 18 May 2022.

It is evident that being without funds caused Miss P some understandable distress during an already difficult time (with the bank also closing her business account and recalling her Bounce Back Loan). She was understandably concerned as to what was happening and spent time speaking with TSB, including visiting her local branch, to work out what she had done wrong. And she had to borrow from family to cover day-to-day expenses and make alternative banking arrangements with another provider. To compensate Miss P for the upset and inconvenience she was caused, I think TSB should pay her £500.

Miss P accepted my provisional decision, but TSB didn't. It said, in summary, that Miss P had been aware from 4 March 2021 that TSB was closing her account – and even though it didn't do so until 14 July, there were no records to suggest that Miss P had followed up on things with the bank. Had she done so, arrangements could've been made for her to withdraw the balance as cash at her local branch. The bank also said it wasn't responsible for Miss P not receiving the cheque it had sent in July 2021, having relied on the Royal Mail for safe delivery. It therefore maintained that the £150 it had already offered to pay was fair compensation for what it deemed to be its only error in failing to close the account in March 2021.

### **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've not reached a different conclusion to that of my provisional decision. I'll explain why TSB's further comments haven't changed my mind.

Firstly I should highlight that I don't think TSB's only error was in failing to close the account in March 2021. For the reasons set out in my provisional decision, I think it was an error on the bank's part to have decided to close the account in the first place. And even when factoring in that TSB could, ultimately, decide whether it wished to continue to offer Miss P an account (albeit the basis on which it made that decision was flawed), I think it ought at the very least to have given her 60 days' notice of its intention to close the account – rather than simply withdraw the facility immediately.

There was then a delay in actually closing Miss P's account, with TSB only doing so – and attempting to release the balance – on 14 July. TSB says there is no record of Miss P chasing things up with it, which it would've expected if Miss P had an urgent need for the funds. But Miss P has consistently recounted her various attempts to contact TSB, including visiting her branch and calling its helpline numbers, in an effort to understand what was happening and how to access the account balance. It's not uncommon for contact – particularly branch visits – to go unrecorded, and this matter may also have been wrapped up within Miss P's contact with the bank about her business account and Bounce Back Loan. So the fact that the bank doesn't have a record of Miss P's contact with it about her personal account don't lead me to disbelieve Miss P's recollections.

I appreciate that TSB appears to have attempted to release the balance to Miss P by sending her a cheque in July 2021. It's not obvious why this wasn't received – there could've been a fault on TSB's part (as I can't be sure that it was dispatched, or where to), or in its delivery, or by Miss P on receipt of it. But ultimately, the situation wouldn't have arisen had TSB not made errors in closing the account in error at the outset.

So I still think it is right that TSB compensates Miss P for the extent of the shortcomings (and the impact these had on her) as set out in my provisional decision.

### **My final decision**

For the reasons I've explained, I uphold this complaint and require TSB Bank plc to:

- Calculate 8% simple interest per year on the closing account balance for the period 4 March 2021 to 18 May 2022 and pay this amount to Miss P, and
- Pay Miss P compensation of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 7 February 2023.

Ben Jennings  
**Ombudsman**