

The complaint

Mr A complains as trustee of a trust (T) that without the trustees' permission, TSB Bank plc (TSB) changed the status of its account (the Account). Mr A also raised concerns about unpaid interest that was due on the Account between 2012 and 2013.

What happened

The background to the complaint is set out in my provisional decision dated 22 November 2022, which forms part of this decision.

I provisionally concluded that we could consider all aspects of the complaint and furthermore that it should be upheld in part.

In summary I said:

- I am able to consider all aspects of this complaint including Mr A's complaint regarding TSB's alleged failure to pay interest on the Account in 2012-2013. That's because based on TSB's final response letters dated 28 January and 20 August 2019 in which TSB gave their consent to us doing so, having regard to *DISP 2.8.2 R (5)*, I did not think the bank could later withdraw that consent for certain aspects of the complaint as it had sought to do.
- Regarding the opening of the Account it seemed likely on balance that, in 2012 the trustees intended to set up a trust account to receive Mr A's settlement. And it wasn't unreasonable for them to believe that they had done so because the passbook that was issued at the time confirmed as much as did the passbook that was renewed by TSB in 2018.
- But a screen shot of the account opening details shows that on 5 September 2012 when the Account was opened, it was in fact opened as an Easy Saver account rather than a trust account. So, contrary to what was confirmed in the passbook when it was issued in 2012, I was satisfied the Account was opened as an Easy Saver rather than a trust account. And so, when in 2013 it was transferred to TSB, it was as an Easy Saver account. Against that background, I was not persuaded that TSB changed the Account from a trust account to the Easy Saver which Mr A believed took place.
- Furthermore, Lloyds told us at the time the Account was opened they didn't offer a specific trust account although it was possible for the name on the account to be changed so that it could, for instance be called: "Mrs X Trustee of Mr Y."
- In light of Lloyds' evidence that there was no specific trust account available within its suite of accounts in 2012, it's difficult for me conclude they should have opened a trust account for the trustees at the time rather than an Easy Saver.

- But Lloyds acted wrongly when having opened the Easy Saver account they then issued a passbook accompanying it which described the Account as a trust account, when in fact it never was. By extension TSB were responsible for that error. And furthermore, rather than put things right, in 2018 TSB reinforced that earlier error when on renewal of the passbook they too maintained the Account was a trust account.

These errors, first by Lloyds, then TSB amounted to poor service. And although TSB rightly pointed out that in January 2013 Mr A was sent a statement that indicated the Account was an Easy Saver, I didn't think that alone was sufficient for Mr A reasonably to conclude the trustees were not in possession of a trust account when the passbooks told them otherwise.

These errors led to understandable confusion on Mr A's part and meant he later had to make various attempts to get to the bottom of what had happened regarding the Account.

Interest on the Account between 2012-2013

Mr A's complaint in this regard appeared to be inconsistent. On the one hand it seemed he complained to TSB that the Account did not receive the promised 1.58% interest. But he seemed also to have complained that no interest was paid at all in the year 2012-2013.

In their final response letter dated 28 January 2019 I noted TSB acknowledged Mr A's concern regarding the 1.58% interest and asked for further details to enable them to look into it. But I couldn't see that Mr A provided the details the bank asked for but instead later claimed no interest was paid at all.

TSB said they have no access to the historic interest rates offered by Lloyds before the Account was transferred to them 2013 and therefore aren't able to comment on what interest if any was received on the Account in the time it was with Lloyds.

But Lloyds' statement for the first four months the Account was in operation – that is 5 September 2012 to 18 January 2013 shows the percentage Annual Equivalent rate (1.60%) as well as the percentage Gross and Net rates being paid. It seemed unlikely therefore that Lloyds wouldn't have paid any interest on the Account prior to it being transferred to TSB.

TSB also said that according to their records they were paying 0.20% on the Easy Saver accounts when these accounts were transferred to them by Lloyds in 2013.

TSB have also shared statements for the Account for the five years between 2016 and 2021. They show credit interest on a steadily decreasing balance on the Account brought about by a series of withdrawals, including as Mr A has told us a substantial amount to buy a house.

I am satisfied that in the five years just referred to – and I have no reason to doubt the same for other years – that after assuming responsibility for the Account TSB paid interest on it annually.

Impact of the bank's error

Mr A said the trust has lost interest. But in light of what I've said above, I was not persuaded that had been the case.

That being said TSB acknowledged they gave poor service to Mr A. Especially in the particular respects they identified when they paid Mr A compensation of £450.

However, it is my finding also that Lloyds and TSB did provide poor service to the trustees in other respects too. In particular, concerning issuing a passbook to the trustees that incorrectly confirmed they had a trust account when all along the account they in fact had was an Easy Saver. So, I've thought about whether TSB should compensate the trustees further for those aspects of poor service which they hadn't before.

TSB have pointed out that Mr A was able to operate the Account on his own and therefore without the restrictions commonly associated with trust accounts – such as requiring two trustees to operate them. I agree. Set against that, however, I've also borne in mind that the trustees were misled about the type of account they had and Mr A had to spend time communicating with the bank to get an explanation about the discrepancy. Based on that I considered an additional £150 compensation for the inconvenience of having to do so was reasonable.

TSB accepted my provisional decision. But Mr A didn't. He said the £150 fails to properly account for the stress this matter has caused him. He believes £1,500 would be a more appropriate compensation.

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.

Mr A has told me this matter was quite stressful for him and I do not doubt that. I've acknowledged there would have been understandable confusion on Mr A's part and his attempts to get to the bottom of what happened regarding the Account caused inconvenience for which I'm satisfied the trustees should be compensated by way £150.

Whilst I acknowledge Mr A believes a more appropriate award ought to be £1500, there is no new evidence or arguments for me to consider that might have led me to come to a different conclusion regarding the level of compensation I regard as appropriate.

Putting things right

So, I believe my provisional decision still stands. In other words, my final decision is the same as my provisional decision

My final decision

My final decision is I uphold this complaint. In full and final settlement, I require TSB Bank Plc to pay T £150 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 6 January 2023.

Asher Gordon
Ombudsman