

The complaint

Mr M complains that TSB Bank plc blocked and closed his account. He complains that he has been discriminated against by TSB

What happened

Mr M opened a current account with TSB in 2020, although it wasn't used until it received a payment in July 2021. Two more payments were subsequently received, which Mr M says were from his mother.

In August 2021 TSB started a review of Mr M's account after he attempted to make a payment out. The bank asked Mr M to provide some identification. He attempted to resolve this over the phone but had to go into branch. However, the funds still weren't released and instead TSB fully blocked the account.

Mr M raised a complaint with TSB, saying he felt he had been racially profiled, as his account had not been blocked fully until he went into branch. He said nobody had been able to tell him why his accounts had been blocked and was unhappy with the service provided. TSB accepted there were some areas they'd made mistakes, but said they were entitled to carry out security checks. TSB said Mr M's race had not played a part in their decision to block his account. But they apologised for how a call which had discussed this issue had been handled, saying it could have been more professional. They said their fraud team would consider any further information Mr M wanted to provide in relation to his entitlement to the funds in the account.

TSB later released the funds from Mr M's account. They initially sent a cheque for an amount, but in an incorrect name. They later sent the balance as a faster payment.

Mr M was unhappy with this response, so complained to our service. One of our investigators looked into what happened and asked further questions of TSB. The bank offered to pay Mr M 8% simple interest on the balance returned to Mr M because of the delay caused by the incorrect name. They also offered Mr M £100 to reflect the delay in returning the funds.

The investigator felt that TSB should go further. They said TSB have legal and regulatory obligations to meet, which means that they can review customer's accounts and block any transaction while they do so. They said they weren't obligated to explain their reasoning for doing this, and that TSB had been reasonable in doing so. TSB had delayed returning £4,999 to Mr M, and so agreed they should pay 8% simple interest on this amount.

The investigator agreed that TSB's customer service hadn't been acceptable for Mr M. But they said based on the evidence they'd seen the blocks on Mr M's account weren't a result of his race, or another discriminatory reason. They couldn't listen to the call with TSB but based on the investigation notes at the time they felt it had been handled inappropriately. Overall, they felt TSB should pay Mr M £150 compensation for the upset caused. TSB accepted this as an outcome. Mr M disagreed.

As no agreement could be reached the complaint was passed to me to decide. On reviewing the evidence, I issued a provisional decision, which said:

Mr M feels very strongly that he has been discriminated against by TSB. The key piece of legislation that deals with discrimination in the UK is the Equality Act 2010. But only the courts can decide whether the Equality Act has been breached. So, this isn't a finding I will be making for Mr M. My role here is to decide this complaint based on what I consider to be fair and reasonable. This will take in to account any relevant legislation and regulations, industry standard and what I consider to be good practice.

The investigator has already outlined that financial businesses, like TSB, have certain legal and regulatory obligations to meet when managing accounts. This is an ongoing commitment for both new and existing accounts. And this can mean that they need to restrict an account while it's under review.

Having reviewed the information supplied by TSB, I'm satisfied that it was reasonable for TSB to review Mr M's account, and to restrict access to the account while they did so. They can block the account while it's under review and can ask Mr M to supply further information as to the source of his funds. This is outlined in the account terms.

I appreciate Mr M would like to know more about the reasoning behind the review and blocks placed on his account. TSB are under no obligation to tell Mr M why his account was under review and have declined to do so. I can't say this is unreasonable. But I would like to assure Mr M that after reviewing the evidence supplied, I'm satisfied his account wasn't placed under review, or blocked, because of any discriminatory reasons. I'm satisfied the decision to review Mr M's account was reasonable.

Mr M provided information to TSB when requested – he's sent us the response he received by email confirming this. I can see TSB carried out their review within a reasonable time. They took the decision to close the account, which I'm satisfied they did so in line with the terms of the account. And after receiving the relevant information TSB released the blocked funds to Mr M. I can't say they've done anything unreasonable in this.

However, there was a delay in returning a portion of Mr M's funds to him – £4,999 was taken from the account on 2 September 2021, but not returned to Mr M until 11 November 2021. It's reasonable for TSB to pay 8% simple interest on this amount between these dates, to reflect that Mr M would not have had use of the funds he was entitled to.

In terms of the service Mr M received, my understanding is that Mr M was referred to branch as the initial call with TSB did not go well, and he couldn't be identified over the phone. I can't know for certain what happened in the branch. I accept what Mr M has said about how he felt he was treated, especially as from his perspective the situation had changed from an issue with a payment to finding out his account had been blocked.

This is where I can see how he felt his appearance or race had played a factor in the decision to block his accounts – although on considering the information available, I'm satisfied with TSB's reasoning for blocking the account. I'm also mindful there is often limited information bank staff can give when accounts are under review. But I accept it would be frustrating for him not to get any answers, and for him to have no new information provided.

TSB haven't been able to provide a copy of the call Mr M had with their fraud department. But they have accepted the call was not handled well. I have been provided with the bank's investigation notes which were taken at the time of the phone call. These largely match Mr M's description of what was said, so I'm inclined to accept these as accurate. These notes make it very clear the call was not handled well and was embarrassing for the bank,

and the call handler argues with Mr M without offering any clear explanation of what happened.

In the notes of the call it's noted Mr M asked the call handler if the blocking of his account was a "colour" thing, and the response from TSB was noted as "using his terminology how would I know what colour you are when I'm speaking on the phone". I think this is an attempt to explain that TSB haven't blocked his account for this reason. But given the context of not being given any reason for his account being blocked I'm satisfied this isn't the most appropriate response. It's dismissive of a genuine concern. TSB have acknowledged this was unprofessional, and I think Mr M can feel let down by the way it was handled.

I've also noted the delay to returning the funds to Mr M, based on the cheque being issued with incorrect details. This will have only increased the frustration to him.

Overall, I'm minded that TSB should pay Mr M some compensation for the way they handled his account. I've taken into account that the underlying issue of TSB blocking then closing the account was reasonable. But there were failings of TSB's customer service in not responding to Mr M's concerns about discrimination appropriately and delaying the return of his funds.

Considering all this carefully, I'm not satisfied that the £100 offered by TSB is a fair reflection of the impact on Mr M. Currently, I'm minded that £250 would be an appropriate amount of compensation.

TSB accepted the provisional decision. Mr M said he had nothing further to add. It turns to me now issue my 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.

Having done so, and with no new evidence being submitted, I'm satisfied with the conclusions reached in the provisional decision. I'm still minded that TSB should resolve the complaint as directed in the provisional decision.

Mr M has asked for all the information TSB hold on him – this is a query he'll have to direct towards TSB directly. They will be able to assist him making a Data Subject Access Request (DSAR).

My final decision

My final decision is that I uphold this complaint and TSB Bank plc must:

- Pay Mr M 8% simple interest on the balance of £4,999 between 2 September 2021 and 11 November 2021. If TSB feels they were required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off and provide him a tax deduction certificate if he requests it.
- Pay Mr M £250 compensation for the distress and inconvenience caused by their customer service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 April 2023.

Thom Bennett
Ombudsman