

The complaint

Mr B is unhappy that TSB Bank Plc rejected his application for a new current account, despite being an existing customer.

What happened

Mr B held a current account with TSB. He was experiencing issues with applying gambling blocks on his account using the banking app. TSB explained this was due to issues with merging his account profiles from when he'd previously opened other accounts on their system.

Since Mr B wasn't happy with the solutions TSB offered to this problem and he wasn't provided with a timescale for when it would be fixed, he decided to close his existing current account and apply for a new one with the hope that it would resolve the issue. TSB rejected Mr B's application for a new current account.

Unhappy with this, Mr B asked TSB to provide an explanation for their decision. He felt TSB may have rejected his application due to him making complaints in the past. TSB said they couldn't give Mr B the specific reasoning for their decision. They explained they wouldn't penalise a customer for making complaints in the past and confirmed he didn't meet their criteria on this occasion.

Mr B asked our service to look into this complaint. He feels TSB have treated him unfairly as they didn't automatically decline his application, but this was done manually after he was given a sort code and account number. He also says that he received a letter letting him know the account was closed on his request, which wasn't the case. He believes his credit rating is good as he was able to get a credit card with another provider so he can't understand why TSB rejected his application for a new current account. He feels TSB should've at least offered him a basic bank account. He'd like TSB to open his account as a resolution to the complaint.

Our investigator looked at Mr B's complaint and said TSB weren't required to provide Mr B a reason for declining the application. She said Mr B didn't meet TSB's criteria to open an account and hadn't seen any evidence to suggest TSB had done anything wrong. Mr B disagreed and asked for an ombudsman to review the complaint.

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 B has already complained to our service about the issues he experienced with his previous current account. We've considered this under a separate complaint and an ombudsman has issued a final decision. So, for clarity, my decision here solely relates to TSB's decision to reject Mr B's application for a new current account.

I appreciate Mr B's reasons for closing his existing current account with TSB and applying for a new current account. However, TSB are within their rights to assess Mr B's application for new current account and to check if he still meets their eligibility criteria. TSB are entitled to set their own underwriting criteria for the products and services they offer which can change over time. Having been a recent customer of TSB, it doesn't mean that Mr B was guaranteed to be accepted for new current account, as the criteria applied when Mr B opened his existing and previous account with TSB is likely to be different to the criteria when Mr B applied for a new current account.

TSB are also able to exercise their commercial judgement on whether they accept an application from a customer. In the same way that Mr B is free to decide which provider he wishes to use for his banking needs.

In this case, TSB didn't automatically decline Mr B's application. Their system referred the application for further consideration by their Application Review Team. This in itself doesn't mean Mr B was treated unfairly. Generally speaking, it isn't unusual for an application to be manually reviewed where the system isn't able to automatically provide a decision as to whether to accept or reject it.

I can see TSB have explained to Mr B that not meeting their eligibility criteria was the reason for declining his application. This is what I'd expect them to do as TSB aren't obliged to provide Mr B with any further details.

TSB have shared their reasons for declining Mr B's application with our service. We can't disclose this information to Mr B due to it being confidential and commercially sensitive. However, having reviewed this, I can see TSB have considered a number of factors, including the details they already held about Mr B, information provided on his application, his credit file and their underwriting criteria to reach their decision. I'm satisfied TSB have made the decision to decline Mr B's application legitimately and haven't treated him unfairly.

Mr B has said that TSB decided to reject his application after they provided him with the sort code and account number which means they opened the account and then closed it. He also says that TSB wrote to him incorrectly stating he'd requested to close the account.

Having looked at the system notes TSB have provided, I can see only an application number was generated and not a sort code and account number. I'm also satisfied that an account wasn't opened as the application was declined.

Mr B has also questioned why TSB created his online banking details and then retracted it. He feels they should've rejected it from the outset. I don't think it's unreasonable that Mr B registered for his online banking at the point of his application as it wasn't automatically rejected. The application was pending review which meant there was a possibility his application could've been accepted. I can see from the system notes that his internet banking was cancelled after his application was declined.

While Mr B feels TSB could've offered him a basic bank account, it was his own decision to close his existing current account with TSB when there was no guarantee his application for a new current account would be accepted. Ultimately, since Mr B already has a bank account with another banking provider, TSB weren't required to offer him a basic bank account which is one of the eligibility requirements.

All things considered, I'm satisfied TSB haven't treated Mr B unfairly. So, I won't be asking them to do anything.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 January 2024.

Ash Weedon
Ombudsman