

The complaint

Mrs and Mr G complain that TSB Bank plc blocked a payment leaving their account.

What happened

Mrs and Mr G attempted to pay for a holiday, and they input their TSB debit card details for a payment of £5,586 to be debited on 1 June 2023. They ensured their account had enough funds in for this to be debited. Mrs and Mr G say that the booking company sent them a communication on 1 June 2023 stating that the holiday was cancelled due to them being unable to take the payment. Mrs and Mr G went to their local TSB branch, and their staff told them that their fraud team had blocked the payment. Mrs and Mr G say that TSB's fraud team did not contact them to check the authenticity of the payment. Although the branch staff contacted their fraud team to unblock the payment, funds were sent to the merchant on 5 June 2023, but it was too late as the holiday had been cancelled.

Mrs and Mr G say that they were unable to re-book the holiday, and they had to process a refund for them to re-book it themselves at an increase of £2,326.74. When the refund was processed, as it had been converted to Euro's, their refund was £40.35 less due to the exchange rate. Mrs and Mr G made a complaint to TSB

Mrs and Mr G say that as they heard nothing, they visited the branch seeking an update, and the branch staff informed them a letter had been issued, but they weren't able to print it out for them, although they could send this through the post. They tried to get through to the complaint handler, but they were unable to. The person they spoke to said they would email the complaint handler and his line manager, but Mrs and Mr G haven't heard back from them.

TSB did not uphold Mrs and Mr G's complaint. They said the transactions were initially blocked as there were insufficient funds in their account at the time and the transactions were outside of their normal spend pattern. TSB said due to how their fraud prevention measures were triggered this meant the declined transaction became a higher-level block and this would not initiate a text or call from the bank as their details may have been compromised and they would wait to hear directly from a customer to remove the type of block that was placed on their account. Mrs and Mr G brought their complaint to our service.

Our investigator partially upheld Mrs and Mr G's complaint. She said based on the terms and conditions of the account, TSB aren't obliged to let Mrs and Mr G know about the block on the payment. She said the account notes show TSB had recorded reasons not to do so. She said there were multiple attempts by the merchant to take the payment, and each payment then flagged as an earmark which would reduce the available balance and implied there were insufficient funds. Our investigator agreed TSB failed to contact Mrs and Mr G after the final response letter was issued, and more care could've been taken in branch when discussing the reason that the payment wasn't successful, so she suggested TSB pay Mrs and Mr G £75 for distress and inconvenience.

Mrs and Mr G asked for an ombudsman to review their complaint. They said they had done nothing wrong, but they were left out of pocket, they commented on the errors of their final

response letter from TSB, they said TSB hadn't enclosed the leaflets/information they said they had with the letter, and they said they still haven't heard from the complaint handler or line manager.

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.

Mrs and Mr G have made a number of points to this service, and I've considered and read everything they've said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of their complaint in deciding what's fair and reasonable here.

I'd like to explain to Mrs and Mr G that it is not within this service's remit to tell a business how they should run their security procedures, such as when to block attempted online payments and how or if they should notify customers of these blocks. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct TSB to make changes to their policies and procedures, if necessary.

Banks and building societies have an obligation to try and keep their customers' accounts safe and prevent fraudulent transactions. Sometimes they identify and block legitimate payments that a customer wants to take place. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly.

I've looked at the terms and conditions regarding potential blocks and what TSB say they will do. Page 15 of the terms show how TSB can stop Mrs and Mr G using their card or security details. I'm satisfied that they were fair to block the payment based on the reasons they can do this.

Page 16 of the terms lets Mrs and Mr G know what will happen if TSB stop them using their cards (which they did for the holiday transaction). This says *"If we stop you using your card or security details, we'll try to contact you beforehand to let you know we're going to do this and the reasons why. We'll usually contact you by calling or sending you a text message, or telling you at the time you try to make a payment".* But the terms do go on to say *"If we can't tell you in advance, we'll tell you immediately after. But, we might not be able to tell you if that means we might compromise our security measures. We also might not be able to tell you if there are legal reasons that we can't do so."*

So although TSB didn't inform Mrs and Mr G about the payment being blocked, they do set out that they might not be able to let Mrs and Mr G know about the block if it might compromise their security procedures. So while this could be frustrating for Mrs and Mr G, I can't say that TSB have acted outside of the agreed terms and conditions here.

As Mrs and Mr G received a communication from the holiday merchant that the payment had been declined on 1 June 2023, they were able to speak to TSB on the same day. The block was later removed and the payment was processed, although this was subsequently returned when the merchant had cancelled the holiday. This resulted in a foreign exchange loss. But TSB sent the money to the merchant in Pounds. I've seen no evidence they were involved in the conversion to or from Euro's. So I can't reasonably say they should pay Mrs and Mr G the difference as they didn't make an error in blocking the payment.

I've considered what Mrs and Mr G have said that they've done nothing wrong here, yet they've financially lost out. And I agree with them. But here, I can only decide if TSB acted outside of their terms and conditions and whether they should pay for the increased costs.

But it would be outside of TSB's control the actions that the booking merchant took, and it would be outside of TSB's control if the price of holidays were increasing. And in all fairness, they acted in line with the terms and conditions which Mrs and Mr G would have needed to agree with. So while I have a lot of sympathy with Mrs and Mr G, it would not be proportionate for me to ask TSB to pay the difference in the holiday costs or the foreign exchange loss.

But I do think there were times where Mrs and Mr G were let down by TSB in terms of the service and the information they received from TSB. There were factual errors in the final response letter which they were sent (and incorrect information given in the branch), which would be distressing for Mrs and Mr G to see when they knew they had enough funds in the account. They said they hadn't received information that the letter said they included. While this is likely due to the branch printing the letter which they claim was sent to Mrs and Mr G, I'm glad to see this didn't impact Mrs and Mr G being able to bring their complaint to our service.

Mrs and Mr G were also set an expectation that the complaint handler/his line manager would be in touch with them, but they still haven't heard from them. Again, this would distress Mrs and Mr G that TSB have let them down here. So I've considered what would be a fair outcome for this complaint. I must make Mrs and Mr G aware that our awards are not designed to fine or punish a business. I'm persuaded that £75 is proportionate for the customer service issues that resulted in distress and inconvenience for Mrs and Mr G, and that this is in line with our awards in these circumstances. So it follows I'll be asking TSB to put things right for Mrs and Mr G.

Putting things right

Our investigator has suggested that TSB pays Mrs and Mr G £75 compensation for distress and inconvenience, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint in part. TSB Bank plc should pay Mrs and Mr G £75 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 1 March 2024.

Gregory Sloanes
Ombudsman