

The complaint

Mr C complains that TSB Bank plc unfairly blocked his account and didn't release money that had been paid into his account back to him.

What happened

Mr C had two accounts with TSB – a current account and savings account.

On 13 June 2023, a payment for £200 was made into Mr C's current account. Mr C immediately moved £105 into his savings account and spent the rest. The following day TSB were notified by another bank that the payment was fraudulent and that their customer had been the victim of a scam.

TSB blocked Mr C's accounts and decided it needed to look into how he was operating them. TSB contacted Mr C and asked him about the £200 payment. Mr C provided TSB with several explanations. Initially he told TSB that he had borrowed some money from his friend's mum. He then said that he had withdrawn some of the £200 and given this to a friend and that he didn't know his friend's mum. Mr C then provided a different explanation and said that his friend asked him to accept the £200 into his account, and he then withdrew the cash and gave it to another friend.

Following this TSB sent the remaining fraudulent funds back to the sending bank so that it could be returned to the scam victim. TSB then decided to close Mr C's account immediately and sent him a cheque for his closing balance, which was around £50, in July 2023.

Mr C complained to TSB. He explained that the block on his account meant he wasn't able to pay for medication that he needed. He also said that he was given wrong information when he called about how he could access his funds. And about how much money would be returned to him when the bank closed his account. Mr C said that TSB told him that his closing balance was around £150 so he was surprised to only receive a fraction of this amount.

Mr C maintained that he hadn't been involved in any fraud and that he was actually a victim of a scam, which he'd reported to the police. TSB asked Mr C to provide it with more details about the police investigation. But Mr C didn't provide the bank with anything more.

TSB looked into Mr C's complaint but didn't uphold it. It said it had closed Mr C's account in line with the terms and conditions. And hadn't done anything wrong when it had returned the funds back to source. Unhappy with this response Mr C brought his complaint to our service.

An investigator looked into Mr C's complaint. He asked Mr C about the payment into his account and whether he had any evidence to support his explanation about going to the police. Mr C provided an email from the police which explained the police weren't looking into Mr C's allegation any further. Mr C told the investigator that being without access to his funds had impacted his mental health and meant he had to take time off work. He said TSB still owes him the money that was in his savings account, so he is out of pocket.

The investigator reviewed everything and said that TSB hadn't done anything wrong when it closed Mr C's account. However, he thought TSB took too long to release Mr C's closing balance to him so he said TSB should pay him £100 compensation for the trouble and upset this had caused Mr C.

Mr C said he was happy with the amount of compensation. But he said he also wanted the £105 that was in his savings account, refunded to him. He said that he'd been a victim of a scam and after he'd handed over the cash that was paid into his account, a false fraud claim had been raised against him. So, in effect, Mr C says the scammer had been paid twice.

TSB also disagreed with the investigator's view. It said it had delayed releasing Mr C's funds as a number of payments Mr C had made were still pending. The bank also explained that it had been waiting for the police to contact them about what Mr C had said about him being a victim of a scam. But nothing came of this. So, after waiting for around a month the bank proceeded to close Mr C's account and sent him a cheque for the remaining funds in his account that he was entitled to.

The investigator reviewed everything again and issued another view in which he said TSB hadn't done anything wrong. He explained that Mr C wasn't entitled to the money he'd moved into his savings account as this money had been reported as fraudulent. So, he didn't uphold the complaint.

As no agreement could be reached the matter has come to me to decide.

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.

I'll deal first with TSB's decision to block Mr C's account. TSB has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them.

Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here. I should also add that TSB is not required to prove beyond reasonable doubt that Mr C is guilty of a fraud or financial crime before it decided to block his account and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for TSB to block Mr C's account. TSB has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so TSB were complying with its legal and regulatory obligations. Doing so also enabled TSB to consider how best to react to the information it had received from the sending bank about the money that had been paid into Mr C's account. So, whilst I accept, the bank's actions caused Mr C inconvenience and upset when it decided to block his accounts and asked him to provide information, I can't say the bank did anything wrong and treated him unfairly in doing so.

From looking at the evidence, I'm also satisfied that TSB was proactive in completing its review from the time it blocked Mr C's accounts. TSB spoke to Mr C about the payment and gave him an opportunity to explain his entitlement to the £200 that had been paid into his account. I can also see that the bank allowed the account to remain open (although blocked)

pending any contact from the police and so that any payments Mr C had made could clear his account. So, I can't say TSB caused any delays whilst it completed its review of Mr C's account.

The crux of Mr C's complaint is that he wants the £105 that he moved into his savings account, after receiving the £200 payment. Mr C says that TSB shouldn't have sent the money back to the sending bank. He's said that he has been a victim of a scam – in other words that the fraud report TSB received about the £200 is false. So, he says the bank still owes him this money.

I've looked at the information TSB has provided regarding the money that was paid into Mr C's account which confirmed the payment as fraudulent. I've also looked at what Mr C told TSB about the money and noted that Mr C didn't provide anything to show he was entitled to the money at the time. Most significantly I note that Mr C provided TSB with several different explanations about why he'd received the £200 in the first place.

Mr C hasn't provided any evidence about his arrangement with his friend which would support his final explanation. Even more surprising is that I haven't seen any evidence that Mr C questioned why he was being sent funds in this manner. I've also taken on board what Mr C has said about him being a scam victim and looked at the email he received from the police. But the email doesn't have any details about what Mr C alleged. It simply told Mr C it wasn't able to look into things further due to a lack of resources. So, when I weigh everything up, I think Mr C knew or ought reasonably to have known, that his account was being used for fraudulent purposes. This leads me to doubt the credibility of Mr C's version of events.

TSB sent the remaining fraudulent funds back to source – the money Mr C had moved into his savings account. This ensures the funds are sent back to the correct person. Based on the evidence I've seen I agree that this was the right action in the circumstances. Mr C hasn't been able to provide any evidence that he is entitled to the money that was paid into his account. So, I'm not satisfied that he has lost out financially as he suggests. Based on the information I've seen the money didn't belong to him. So, I won't be asking TSB to refund this money to him.

Finally, TSB have relied on the terms and conditions of Mr C's accounts in closing them. The terms and conditions outline that TSB can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case, TSB blocked Mr C's accounts, and then closed them. So, I consider TSB closed Mr C's accounts immediately, since he wasn't able to use the accounts following the block.

For TSB to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that TSB did. So, it was entitled to close the accounts as it's already done and end its relationship with Mr C.

In summary, I realise Mr C will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that TSB have treated Mr C unfairly. So, I won't be telling TSB to do anything to resolve Mr C's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 March 2024.

Sharon Kerrison
Ombudsman