

The complaint

Mr H complains TSB Bank plc unfairly closed his bank account.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mr H held a TSB account and following a central review of the account Mr H was issued with a 60 days' notice to close letter. During this time Mr H's account would operate as normal and the outstanding balance was issued to him via cheque on 4 September 2023.

Mr H complained to TSB, explaining it had unfairly closed his account and this had a detrimental impact on him. Mr H said TSB didn't provide a clear reason for the closure and provided poor service. TSB reviewed Mr H's concerns and explained that it had closed the account in line with the relevant terms and conditions. It also apologised that it didn't call Mr H back as agreed and accepted it could've provided a better service to Mr H.

Mr H referred his complaint to our service. An Investigator reviewed Mr H's complaint. They didn't uphold Mr H's complaint in full and explained the following:

- TSB's regulatory obligations meant it was required to monitor and review customer accounts and it didn't need to give Mr H notice of this review or a reason for the closure.
- TSB had disclosed the specific reasons to this service in confidence and they were satisfied TSB acted fairly in light of the information it had available.
- TSB's service fell below reasonable standards, and Mr H should've received a call back as promised when Mr H called to discuss his account. TSB should pay Mr H £50 for this poor service.

Mr H remained unhappy and maintained TSB had acted unfairly. TSB also rejected the findings, explaining its apology for poor service was sufficient in the circumstances. As no agreement could be reached, the case has been referred to me – an ombudsman – for a 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.

I can see Mr H feels very strongly about his complaint. That's clear from what's he's said to us and to TSB. However, based on the available evidence I think TSB has acted reasonably in how it handled Mr H's account. I'll explain why.

Account closure

The terms of Mr H's TSB account allow them to close his account for any reason, so long

as they provide at least two months' notice – which is in line with the regulations about payment accounts, and common industry practice. This is to give consumers the opportunity to set up accounts elsewhere. In this case I can see they gave Mr H 60 days' notice, which is appropriate and in line with these terms. The account was available to use during this period, and the funds held were returned promptly to Mr H when it was closed.

TSB aren't obliged to provide a reason for the account closure, and in this case have declined to do so to Mr H. I can't say they've done anything wrong by not discussing this in more detail. But the reason for the account closure should be rational, factually correct, and non-discriminatory. The rules of our service allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example if it contains information about other customers, security information, or commercially sensitive information. Some of the information TSB have now shared with us is information I consider should be kept confidential.

This means I haven't been able to share the reasons for the closure of the accounts in detail with Mr H. But based on the information available to me I'm satisfied that TSB acted fairly in making the decision to close Mr H's account. I'm satisfied this was a legitimate commercial decision taken by TSB, and it wasn't unreasonable.

With that in mind, while it would have been inconvenient for Mr H to have to open a new account, I'm not minded to direct TSB to compensate him for this.

Mr H has also referred to the closure having a detrimental impact on his banking history and credit rating. I haven't seen anything to suggest TSB has recorded adverse information about Mr H so the closure should not affect his ability to obtain alternative banking services or credit.

Customer service issues

Mr H says he didn't receive the notice to close letter. I have reviewed the information provided by TSB and I'm satisfied the letter was sent to Mr H. I don't think it would be fair to hold TSB liable for the non-receipt of this letter. Mr H also says its decision to close his account immediately caused him significant distress and inconvenience and impacted him reputationally. I do appreciate this matter would've caused him some difficulty, as Mr H appears to have used his TSB account regularly. But having looked at what's happened in this particular case, I think TSB provided the necessary notice and I don't think it needs to compensate Mr H for its actions.

I can see when Mr H was unable to access his account, he contacted TSB and during a call he was informed he would receive a call back. I can't see that this happened. Given Mr H says he hadn't received the notice to close letter, I think it was important for Mr H to receive a call to explain what had happened. Mr H says he was concerned his account had been accessed by an unknown third party, and the lack of information from TSB exacerbated what was already a stressful situation. TSB has issued an apology for this oversight but given the circumstances I think £50 is fair compensation as it reflects the impact on Mr H at this stage.

I know this will not be the outcome Mr H was hoping for, but I am satisfied TSB acted reasonably in closing his account. I know Mr H will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking TSB to take any further action than noted above.

Putting things right

TSB Bank plc should pay Mr H £50 for the poor handling of his account closure.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 August 2024.

Chandni Green
Ombudsman