

The complaint

Mr W complains that TSB Bank Plc unfairly blocked his account and removed a payment made into his account. He'd like the account to be unfrozen and the funds to be returned to him.

What happened

Mr W held accounts with TSB. In August 2023 he received a payment of £700 into his bank account.

Shortly after, TSB blocked his account and asked Mr W to show his entitlement to the funds paid in. He told them the money was from a friend who lived in France and sent them various text messages and documents to show that the money was expected. However, TSB took the decision to close his account with immediate effect. They also deducted the remaining amount of funds paid in - £506.01. But as the account was left overdrawn, TSB asked Mr W to repay for this.

Unhappy with this Mr W complained to TSB. They responded to say there were strict rules they needed to follow when providing accounts, that meant sometimes they needed to ask for information about payments. They said after carrying out a review, they'd decided to close his account. They said this was in line with his terms, and they did not necessarily need to provide a reason for doing so.

Mr W then referred his complaint to our service – but our investigator didn't think TSB had done anything wrong. They said they'd considered TSB's reasons for blocking the account and were satisfied they were reasonable and in line with the terms of Mr W's account. They didn't feel it was unreasonable for TSB to return the funds to the sender, as there was sufficient doubt to his entitlement of the funds. They appreciated this will have caused distress to Mr W but didn't think TSB had done anything wrong.

This wasn't accepted by Mr W, so the complaint has been passed 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.

The investigator was right to highlight banks, like TSB, are under numerous legal and regulatory obligations when providing accounts to their customers. Broadly, these obligations are to protect customers from financial harm, as well as detect and prevent financial crime. This means they need to continually monitor account activity, for both new and existing customers. On occasion this means they may need to carry out a review in a particular account, to better understand how the account is being used. It might also be necessary to block an account while they carry out a review. There is provision for this in the terms of Mr W's account.

Having looked at what happened, I don't see it was unreasonable for TSB to review what was happening with Mr W's account. And it was appropriate for them to block any further activity on the account while they did so. I'm persuaded this was in line with their legal and regulatory obligations.

I've no doubt that this was disruptive to Mr W, but I don't see that TSB have done anything wrong by this. He's highlighted that his regular direct debits and standing orders weren't paid. But this isn't something I've seen any evidence to suggest TSB said they would do. This wouldn't be expected when an account is under review.

TSB aren't under any specific obligation to explain to Mr W why his account was being reviewed, and in this case, they have declined to do so. So, this isn't unreasonable. I can see that they asked him for proof of his entitlement to the £700 paid in. I've reviewed the information he submitted to TSB at the time, and I'm not persuaded this shows he was entitled to the funds.

I've considered the text messages he provided, but I can't see these provide a direct link to the agreement to pay the £700. I've also considered what he said about the source of the funds being a return of a loan to a friend. But I'm not satisfied this is the case. Based on the evidence available to them, I don't think it's unreasonable for TSB to have returned the available funds to the sender.

TSB are entitled to end their banking relationship with Mr W, so long as they do so fairly and in line with the terms of the account. Generally, this means giving at least 60 days' notice, but here they did so immediately. I've considered the reasons given in the terms for allowing an immediate closure, and I'm satisfied that they apply here.

I'm also mindful that the account was overdrawn at the time it was closed – and overdrafts are repayable on demand. It's not unreasonable for the bank to decline any further lending and ask for this amount to be repaid.

I do appreciate that Mr W is in a difficult situation – he's detailed the health problems he's been suffering from, as well as the financial difficulties he's been facing. And I'm satisfied TSB were aware of these difficulties when they took the decision to close his account. I recognise that having his account closed, and TSB asking for the debt to be repaid, is going to be impactful on him. But his circumstances don't oblige TSB to continue to provide him with banking services.

Mr W's account still has an outstanding overdrawn balance. Even though the banking relationship has now ended, I'd remind TSB they are still obliged to treat Mr W with forbearance and due consideration regarding this outstanding amount. I see from the statements that TSB still allowed access to benefits paid into the account. I can also see there's been no interest or charges on the outstanding balance. In the circumstances this is reasonable, so I'm not asking TSB to do anything further.

My final decision

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 W to accept or reject my decision before 19 March 2024.

Thom Bennett
Ombudsman