

The complaint

Mr F complains that TSB Bank plc took far too long to release funds from his closed account. He said TSB misled him about the process and gave no care to his circumstances.

What happened

I sent the parties a provisional decision in March 2024, in which I set out the following background information to the complaint and my provisional findings, as follows:

'On being advised of Mr F's insolvency, TSB applied a block to his account, in line with its procedures to prevent any payments into or out of the account – apart from credits to settle any debt after 1 December 2021. However, payments were permitted to Mr F over the next few months to reduce the overdrawn balance.'

Mr F sent £300 to his closed TSB account in error on 15 November 2023. When he called TSB, they told him he could go to the branch with a letter and collect the money. However, when he went to the branch he was told they couldn't give him access to the account.

Mr F said there followed months of backwards and forwards until he finally got his money. He said this caused him stress and inconvenience and TSB showed no understanding of his situation at the time. Mr F complained to TSB and said the compensation is not enough.

In response, TSB said it couldn't give Mr F access to his account due to the presence of a bankruptcy block. It said a Trust Deed has been in place since December 2021 which prevents use of the account. TSB confirmed that Mr F paid a total of £300 into his account in error on 15 November 2023, and his attempts to gain access encountered many problems.

TSB confirmed previous conversations with Mr F that the process to release funds from an account in bankruptcy is to take a release of funds letter from the insolvency practitioner with the exact amount to withdraw to the branch. TSB said it understood Mr F had tried to access the account twice and contacted TSB numerous times to understand what was happening.

TSB apologised for the distress caused to Mr F and paid him £150 compensation. TSB said Mr F should send it evidence of any additional costs, including itemised phone bill, which it would meet. It said it had paid the funds of £345 stated in his release of funds letter to his account and would amend his account accordingly.

As Mr F was dissatisfied with TSB's response he referred his complaint to our service. He said TSB gave him false promises; its staff were rude with no care though it knew the mental and financial stress he was suffering. Mr F said he called TSB many times which was no use as they wouldn't answer or give an update, directing him to a branch, but this was useless.

Mr F said he wanted TSB to take accountability for its actions and lack of customer care and the hell he went through. Mr F wants TSB to provide more support for customers that are in this difficult situation in future. He said TSB told him the £150 compensation was for phone calls and travel to branches, and it is not enough as it ignores the amount of stress, financial, mental, work and family difficulties that it caused.

Our investigator said Mr F would have been aware of the account block from his insolvency practitioner, but paid into the account. He obtained a letter from the insolvency practitioner on 16 November 2023 confirming no objection to the return of his funds. Despite TSB telling Mr F this letter would allow access to his money, it took until 8 January 2024 to gain access.

The investigator said as the account had technically been closed and written off due to the insolvency, there was no access. They said Mr F was passed to different departments when he called TSB and was hugely frustrated as his finances were affected. They said TSB tried to resolve the issue and didn't cause undue delays, but it took longer than anticipated. The investigator didn't recommend the complaint be upheld saying TSB's compensation of £150 for Mr F's distress and inconvenience and offer to meet his expenses is fair and reasonable.

Mr F disagreed and requested an ombudsman review his complaint. He said TSB had told him that taking the letter from his insolvency practitioner would get the funds back instantly, but the branch had no idea and referred him back to the telephony team. He said it was then back and forth and if he hadn't chased every day this would never have been resolved. Mr F said no one has taken his case seriously and he is appalled and will not forgive TSB or ourselves for this, and the compensation is not enough.

What I've provisionally decided – and why

I have looked carefully at TSB's handling of the problem Mr F encountered in trying to gain access to his blocked account. I have checked to see if TSB has acted in accordance with the rules and to see if it has treated Mr F fairly.

I can well understand Mr F's frustration at the efforts he went to in order to obtain the funds in his account and the promises from TSB that this would be resolved, and the call backs which did not happen. I'm pleased that TSB has acknowledged its poor service and apologised to Mr F for the stress it had caused him.

Mr F is appalled at his treatment, and I will consider the impact on him of TSB's handling of the problem in terms of what I consider to be fair and reasonable compensation. I also have to bear in mind TSB's point that the situation was entirely of Mr F's making as it was he who made the payment to his account in error, where he should have known this account was blocked. TSB correctly states that had Mr F not made this error, there would have been no issue to resolve.

Mr F made efforts to resolve the issue by getting the letter from his insolvency practitioner, visiting the branch and making many calls to TSB. I can see he was often transferred to different departments, and he states he often wouldn't get a call back when promised. I agree Mr F had a hard time with this and TSB should have provided an explanation of what was happening much more clearly, rather than making reassuring but inaccurate promises that he would be able to gain access to his funds. There appears to have been a lack of effective communication within TSB and an overview of the resolution required for this issue.

The block on Mr F's account was correctly put in place by TSB in respect of his insolvency in order to protect the funds and prevent any activity on the account unless approved by the insolvency practitioner. The funds were paid into the account on 15 November 2023, and they were released on 8 January 2024. Although overall this isn't a great deal of time, I can see from his description the financial and mental health effects this had upon Mr F. I am sorry to learn that Mr F is struggling with a range of problems, and I hope he is able to overcome them soon.

TSB set out for Mr F what it described as a simple process and told Mr F on the phone that the block could easily be removed for the funds to be released so long as he presented the required letter. Mr F had the correct letter, but the branch refused to take this on his visits.

Mr F said it isn't good enough that TSB 'chucked' £150 compensation at him in respect of his complaint, and this was to cover his costs. He said TSB need to treat these situations more seriously as they have shown themselves to be incapable of solving this issue instead of making it worse. Mr F is incorrect to say that the compensation was to cover his expenses. In its letter to Mr F of 8 January 2024, TSB said the £150 was to compensate him for his distress and inconvenience and invited him to submit any expense he had incurred.

I can't see that Mr F has sent TSB anything about expenses he may have incurred and so he has only been paid £150. It may be that Mr F missed this advice or doesn't have any evidence of his costs. I think this is understandable, and I can see that he was put to considerable inconvenience with regard to branch visits and calls, and so in respect of this I currently intend to increase the compensation to £300 in total to cover all aspects of his complaint. In reaching this decision I have been mindful of the total sum of money that Mr F was temporarily unable to access, which according to the insolvency letter was £345.

If Mr F decides to accept this decision, £300 compensation would be the total amount payable in respect of all aspects of his complaint, and TSB would be able to deduct from this any amount it has already paid to Mr F by way of compensation.'

My provisional decision and the parties' responses

I decided to provisionally uphold the complaint and said I intended to require TSB to pay Mr F £300 compensation for his distress and inconvenience, including any of his out-of-pocket expenses. I said TSB can deduct from this any compensation it has already paid Mr F.

Mr F responded to say he is pleased and grateful for the decision and hoped that TSB would also agree with the final decision.

TSB responded to say that I appeared to agree with its outcome for the complaint and so it thought that we should not apply a change of outcome, but a confirmation of its original 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.

In its response to my provisional decision Mr F agreed with the outcome.

TSB responded that its only concern is that I appear to agree with its outcome for the complaint in that it provided £150 and invited Mr F to submit any expenses he had incurred. TSB appreciated it may be difficult for Mr F to evidence his costs and had he made contact it would have understood this. TSB said if we consider that Mr F has incurred around £150 in costs, and it had agreed to cover these in its final response, it thought this complaint should not be a change in decision but confirmation of its original decision.

Notwithstanding the absence of challenge to my provisional finding that Mr F should receive a payment of £300 in respect of his complaint. I have looked again at the circumstances of this complaint. TSB set out for Mr F what it described as a simple process and told him the block could easily be removed for the funds to be released so long as he presented the required letter. Mr F had presented the correct letter, but the branch refused to take this on his visits.

It's clear that Mr F was caused inconvenience by this advice and on his calls and lack of call backs from TSB. Mr F has described the impact of this upon his mental and financial situation. I'm pleased TSB apologised for its poor service and invited Mr F to submit his expenses for reimbursement. Mr F didn't do that and so my proposed award reflected this and the compensation of only £150 that TSB awarded him.

I understand TSB's response to the provisional decision to be that this complaint should not be upheld against it as I have put forward an outcome in line with its final response. There are two points to make here; firstly TSB didn't put forward an amount in respect of Mr F's out-of-pocket expenses it simply invited him to submit evidence; and secondly I made clear in my provisional decision that the additional £150 I intended to award was in respect of his distress and inconvenience as well as any out-of-pocket expense he may have incurred.

‘...I can see that he was put to considerable inconvenience with regard to branch visits and calls, and so in respect of this I currently intend to increase the compensation to £300 in total to cover all aspects of his complaint.’

Putting things right

Having reconsidered the complaint I remain of the view that TSB should pay Mr F further compensation for the impact of the poor service it provided him. I think total compensation of £300 provides a fair and reasonable reflection of the impact of all aspects of Mr F’s complaint including any out-of-pocket expenses he is likely to have incurred.

My final decision

For the reasons I have given here and in my provisional decision, this complaint is upheld. I require TSB Bank plc to pay Mr F £300 compensation for his distress and inconvenience, including any of his out-of-pocket expenses. TSB can deduct from this any compensation it has already paid Mr F.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 5 June 2024.

Andrew Fraser
Ombudsman