

## **The complaint**

Mr W complains that TSB Bank plc failed to provide him with appropriate passcodes so that he could do his banking from abroad.

## **What happened**

In October 2023 Mr W travelled abroad to be with his daughter. He has since made this a permanent arrangement. Before he travelled, he says that he asked members of staff at TSB about online access to his bank account when abroad. He was told that he would receive a passcode which he could use to carry out transactions on his account. However, once abroad and he attempted to carry out transactions, he was unable to receive passcodes. He said that although he was able to use his debit card for small purchases, he couldn't buy items like groceries online.

Mr W requested TSB to transfer funds to his daughter's account but says that it failed to act on his instructions.

When he contacted TSB, it indicated that there was a problem that its IT team was trying to resolve. It said its customer relations team tried to help him to access his account and paid £100 as a gesture of apology. It also made suggestions as to how to verify his identity so the bank could continue to help him. It further suggested that he ask his daughter for assistance. He was told he could use telephone banking, but Mr W advises that he couldn't as it still required him to receive passcodes.

TSB has said it had tried unsuccessfully to call Mr W regarding his request to transfer funds to his daughter's account because it couldn't act on an emailed instruction alone due to account security considerations. As a result, it blocked Mr W's account due to concerns about its security.

TSB also suggested Mr W fill in an online form or accept a video appointment to verify his ID and confirm his payment instruction as genuine, but Mr W was initially unwilling to do either. As he was concerned about passing his information to a third party.

After Mr W referred his complaint to this service, he advised that he had opened an overseas bank account. He agreed to complete the online form ID verification process and spoke to TSB's fraud team and the block was removed from his account allowing the bank to transfer £7,000 to his overseas account.

Our Investigator considered Mr W's complaint but was of the view that the problems receiving passcodes were not the fault of TSB, and that it was reasonable for it to complete an identification process before it could transfer money to him. He pointed out that TSB is a UK bank so couldn't be guaranteed to deliver passcodes internationally

Mr W did not agree and pointed out that he was a vulnerable person and was without access to his account for five months.

After further inquiries with TSB it has advised that the error was within the TSB system. One of the databases didn't recognise a valid number and therefore the process failed to generate a one-time passcode. The one database causing the error had to be manually updated and once this happened, the situation was resolved, in March 2024.

The matter has been referred to me for an Ombudsman's consideration.

I issued a provisional decision. In it I said that, in light of TSB's admission that the fault lay with its system, the compensation should be increased to £200.

TSB disagreed – it said:

- A further £100 still leaves the compensation in the same category for redress and therefore it's very difficult to quantify why a further £100 is necessary. And that I didn't provide any reasons for the increase.
- It has never been advised by Mr W that he couldn't access his Telephone Banking and it hasn't seen any evidence to this effect.
- My decision also states that it 'belatedly' admitted that the fault lay with its system, which it doesn't agree with. Its final response of 13 November 2023, provided details to Mr W to confirm there was a system issue
- It's realistic to conclude that Mr W's daughter could have ordered the online groceries herself and then he W could have simply transferred money into her account as needed, which could have been carried out via Telephone Banking.
- Its Personal Banking terms and conditions do state that if a customer moves abroad it can issue notice to close an account. If the account isn't closed, and a similar situation occurs again, it doesn't feel that it can continue to pay further redress when its terms and conditions are very clear on these types of issues.

Mr W didn't agree the level of compensation was adequate to cover his lack of access to his account for five months. He said there was no reason for TSB to lock him out of his account. And that TSB's fix to the IT problem should have taken five minutes, not five months. He further said that TSB was in breach of GDPR regulations, by its asking for unnecessary ID.

### **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 made the following provisional findings:

*"This service acts as an alternative dispute resolution service. Our function is to try to resolve complaints informally. So in line with the informal nature of this service I will not be going through Mr W's legal arguments on a point by point basis. Whilst I can and do take the law into account my overriding consideration is to decide what is fair and reasonable in the circumstances of the complaint.*

*I do think that Mr W's inability to access his account to make any online or large payments caused him distress and inconvenience. This is particularly because TSB was unable to tell him what the problem was with receiving passcodes and when it would be fixed. And whilst it said he could do telephone banking, from Mr W's evidence it seems that this was not possible either. I accept that TSB's customer service did try to assist Mr W but ultimately until the passcodes problem was fixed he was always going to have problems with operating his TSB account.*

*Belatedly TSB has admitted that the error with the account was within its own system and it was for it to sort that out. The process took five months and was resolved by a manual updating of the database. Before then, Mr W was able to receive and make telephone calls to TSB and also to receive ordinary text messages. However the passcode system required, as I understand it, communication between different databases. I am of the view that TSB could have been more open with Mr W about the problem causing him being unable to receive passcodes.*

*I do bear in mind though that TSB is a UK based bank and, given Mr W's intention to continue living abroad, it was more appropriate for him to open a local bank account which he eventually did. But as TSB had the passcode system and did offer services to customers overseas, I do think it has to take responsibility for the fact that Mr W was unable to receive passcodes for that five month period.*

*As regards the transfer of Mr W's funds to his daughter's account, I do think that TSB acted reasonably here. It could not accept instructions by e-mail. Whilst I appreciate that Mr W had previously provided ID, it had to ensure that it was him giving the instructions. And I don't think that requiring completion of the online form was unreasonable, given that most banks use the system.*

*As regards his vulnerabilities I have noted that this caused Mr W more difficulties in for example not being able to purchase groceries online. But I do note that TSB offered to set up a call to discuss the vulnerabilities he had mentioned, and a way forward, and how it could help, which Mr W declined. I don't think that TSB was unreasonable in that respect.*

*So I think that given that TSB has having admitted that the fault lay with its system, it should pay further compensation to Mr W. I propose to increase the amount it pays overall to £200 (this includes the £100 already paid). I've noted that Mr W indicates that it could have caused him problems in paying for an operation. However, I have to look at what actually happened rather than what might have happened."*

With regard to TSB's comments:

TSB should reread my provisional findings. I provided multiple reasons as to why I thought the compensation figure was appropriate. And I addressed the points it has now made. Our Investigator in his view didn't find that there was any fault with TSB in respect of the problem with Mr W not receiving the passcodes. But our further enquiries disclosed that the fault lay with TSB's system.

Mr W advised us that he couldn't use telephone banking because he didn't have a smartphone. He says he had to borrow his daughter's phone to carry out some telephone banking. So I would agree that it wasn't completely inaccessible to him. But I would refer back to a comment made to him by TSB in its final response letter that *"I recognise that its far from ideal to have to call from [abroad] in order to manage your personal banking."*

With regard to TSB's admission that it was its own system's failure, I don't think this was made clear to Mr W. It certainly didn't appear clear to our Investigator. It took three attempts, and three months, after his view of 16 March 2024, to get a clear admission out of TSB.

I have taken into account that Mr W was able to call on his daughter for help, but as TSB says, this was far from ideal.

I have also taken into account the times that customer relations tried to help Mr W, which I mentioned in my provisional findings. Indeed if I had found that Mr W had been unable to use his account at all and received no support the compensation figure would have been much higher.

I've noted that the terms and conditions state that *"Our Digital Banking services are designed for use in the UK, so you might not be able to use them abroad."* But I don't think that it's fair to use that to justify TSB's position in this case. The passcode system should have worked. TSB's digital team was aware of the problem as it had affected other customers. It just took five months to fix.

As for future problems, this decision concerns what happened here. I don't intend to comment on a hypothetical situation.

I've noted Mr W's points. I think I've covered them in my provisional findings. Though to be clear, I don't think there was any breach of GDPR regulations here. Nor do I think that TSB's actions were deliberate, or its attempts to help him unreasonable.

So I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

### **Putting things right**

TSB should pay Mr W total compensation of £200, meaning that it should now pay him £100.

### **My final decision**

I uphold the complaint and require TSB Bank plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 October 2024.

Ray Lawley  
**Ombudsman**