

## **The complaint**

Mr K complains that TSB Bank plc unfairly closed his account and recorded a default in his name.

## **What happened**

Around June 2022, TSB defaulted Mr K's account and closed the account down. This was because Mr K's account was in an unarranged overdraft and he hadn't repaid what was owed.

Mr K complained to TSB because a portion of the overdraft balance was made up from a disputed payment that the bank had re-debited. He also informed TSB that he was in another country around the time, so he was unable to prevent the default and closure of his account.

TSB responded saying it had fairly communicated the status of Mr K's account and that he was aware of what was happening at the time. The bank concluded that it hadn't made an error. Mr K has since explained that he wasn't abroad around the time and was instead imprisoned.

Remaining unhappy, Mr K asked this service to independently review his complaint. He wants TSB to remove the default in his name and pay him compensation. Our investigator concluded that TSB had acted fairly. Mr K doesn't agree, 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.

Having done so, I'm not upholding this complaint. I'll explain why.

Mr K says he was unable to prevent the default or closure by repaying the balance he owed. He initially informed TSB that this was because he was living abroad at the time. He's since told us and the bank that he was imprisoned around the time, so he didn't have means to resolve the matter.

We asked Mr K for more details and evidence about his imprisonment, but he was unable to support this. So I can't fairly conclude that Mr K was unable to prevent the bank's actions.

Nevertheless, I'm satisfied TSB did enough to notify Mr K of the overdraft balance that he owed, and the next steps the bank would take should he fail to pay the balance. I can see from TSB's records that it wrote to Mr K numerous times between January 2022 and June 2022 – the letters advised him of the balance he owed, that his account was at risk of being defaulted and that his account would be passed on to a debt collector.

I can also see that Mr K had several telephone conversations with TSB throughout March 2022, with some of the discussions involving the bank's collections team and there seems to

have been at least one call where a payment plan was discussed.

So I'm satisfied Mr K was reasonably aware of the position of his account and that it was at risk of being defaulted and closed. So, on balance, I think Mr K had a reasonable opportunity to prevent the default and closure of his account.

It's generally for financial institutions to decide whether or not they want to provide or continue to provide banking facilities to a particular customer. Each financial institution has its own criteria and risk assessments for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take.

Unless there is a very good reason to do so, this service won't usually say that a financial institution must keep a customer or require it to compensate a customer who has had their account closed.

The terms of Mr K's account explain that TSB can close an account by giving two months' notice or with immediate effect in certain circumstances. Based on what I've seen, I can't see that the bank gave Mr K two months' notice – so in this instance, I'm treating this as an immediate closure. TSB says it advised Mr K in June that it would pass his account to a debt collector should he fail to repay the overdraft balance.

I'm satisfied TSB acted fairly when it closed Mr K's account. The bank had been contacting Mr K to have the balance repaid for several months. The terms explain that an overdraft is repayable on demand. So I don't find it unreasonable that TSB closed Mr K's account and passed it to a debt collector to manage the repayment of the overdraft balance.

The Information Commissioner's Office says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. As I've explained, TSB had been writing to Mr K for around five months, seeking repayment of the overdraft balance. Mr K didn't repay what was owed, so I'm satisfied TSB acted fairly when it recorded the default in his name.

I appreciate Mr K's concern that some of the overdraft balance consisted of a disputed payment that re-debited his account. However, it wouldn't be appropriate for me to comment on this given a complaint about the dispute was responded to by TSB in 2022 - and is now outside the relevant time limits.

In summary, I've decided that TSB acted fairly when it defaulted and closed Mr K's account.

### **My final decision**

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 January 2025.

Abdul Ali  
**Ombudsman**