

The complaint

Mr W has complained about TSB Bank plc blocking his account. Mr W is represented by his daughter, Miss W.

What happened

In October 2022, Mr W paid £10,000 to an international account. TSB temporarily stopped the payment for security checks. Mr W completed the checks and the payment went ahead.

In February 2023, someone impersonated Mr W on the phone and tried to pay £2,600 to his son. TSB identified that this person was not Mr W, and blocked the account until they could identify the real Mr W. They offered to do this in branch or by posting Mr W a security code he could use to identify himself on the phone. At the time, neither option was used.

Mr W was unfortunately very unwell. So the next attempt to unblock the account was in December 2023 when he visited the branch. He presented his ID to the branch staff, who accepted it. The staff couldn't get through to the fraud department. Mr W has explained they advised he could go and they'd do the rest for him. But it turned out that he needed to be present, so the account remained blocked.

In January 2024, Miss W called on Mr W's behalf, and TSB initially gave the impression they could unblock things over the phone, but this didn't happen. She helped Mr W to complain.

In February 2024, TSB said Mr W had to go to branch regardless of his health. They did not offer him the security code option. Mr W reiterated his physical restrictions, and in March 2024 TSB admitted they'd misadvised him – he didn't have to go to branch, they could unblock things over the phone. Mr W called TSB, but – despite what they'd just said – they refused to even discuss the account unless he went to branch.

Our service stepped in, and in May 2024, TSB sent Mr W a security code, which he used to identify himself over the phone.

TSB offered Mr W £300 compensation, which our Investigator assessed independently and thought was fair. But Mr W felt this wasn't sufficient. Miss W explained he'd had to borrow from those close to him and had fallen into arrears on his care home payments. He wanted TSB to explain all their past actions and provide detailed commentary, and give reassurance they wouldn't block his account again. The complaint's been passed to me to decide.

I sent Mr W and TSB a provisional decision on 8 October 2024, to explain why I thought the complaint should be upheld. In that decision, I said:

First of all, I do appreciate that Mr W has gone through a truly tough time in general, for which he has my sympathy. I'm grateful to him and Miss W for being open and candid with us about how he's felt.

I also appreciate that Mr W would like his case to be looked at in a specific way and wants a series of questions answered. I should clarify that we are an independent dispute resolution service. That means I do not work for TSB, and I also do not work for Mr W. I am not here to service either sides' lines of questioning. I am here to assess the case, identify what I find to be the key points, and put forward a resolution which I think fairly finalises the dispute. That also means I won't necessarily comment on every single point from each side. If Mr W would like his case to be looked at on a strict point-by-point basis as a court might, he will be able to reject my final decision and take the case to court.

Banks like TSB are expected to look out for potentially fraudulent transactions, and to make further checks or even block accounts where they've identified a risk of fraud. They are also allowed to do so under the terms of Mr W's account. Naturally, this can't be 100% accurate, so sometimes this will involve disruption to legitimate payments.

Both of the blocks in question seem reasonable. The first was to check a notably large payment to a foreign account. TSB are a UK-based bank for UK-based customers, and the payment fit with potential fraud trends. I can see that Mr W passed the relevant security checks and the payment went through. I don't find that TSB did anything wrong there.

The second block was reasonable because it was clearly not Mr W attempting the payment. Having listened to the call, and compared it to recordings of calls with Mr W and his son, the voice seems to be Mr W's son. Regardless, I am reasonably satisfied that it was not Mr W himself. So it was correct that TSB blocked the account. TSB could not have known at the time who the caller really was, nor whether they had Mr W's consent, and it was reasonable that they wanted to make sure the account got back to the real Mr W's hands.

If Mr W would like his children to make payments on his behalf in future, he will need to set up the proper authority. It was reasonable for TSB to suggest power of attorney, which is a normal way to do this. There are different types of power of attorney, so Mr W did not need to lack mental capacity nor give up his own control. Miss W has asked about third party access, so I will include a link on how Mr W can set that up with the cover letter if that's what he would prefer.

I appreciate that Mr W would like reassurance that TSB will not block his account again, and again I do sympathise. But I cannot offer him this. As set out before, TSB are allowed and expected to block his account when it's identified to be at risk. Regardless, we're not the regulator, so I can't make TSB change their security systems. And even if I could, I would not be inclined to tell them to leave Mr W's account unsafe or open to fraud. If Mr W feels that TSB's security policies are too strict and would like a bank with a higher tolerance to fraud risks, or if – as his representative mentioned – he would like a bank which operates overseas, he is free to move to a different bank. But regardless of which bank he uses, I'm afraid I cannot guarantee that his account would never be blocked.

Given TSB's reasonable concerns that the account had been taken over, it was appropriate that they kept the account blocked until the real Mr W had spoken to them and sufficiently identified himself. Back in February 2023, they offered to do this either in branch, or by posting Mr W a security code he could use to call in – the same method he used to unblock the account in the end. Those were reasonable options. But back in February 2023, neither option was taken up. And I can't see that there were any further attempts to unblock the account until December 2023. So I find it was reasonable for TSB to block the account in February 2023, and to keep the account blocked until at least December 2023. Therefore I do not plan to award any redress for the February-December 2023 period.

I do find that TSB repeatedly got things wrong from December 2023 onwards. It seems that TSB's fraud department failed to answer the branch's calls, then the branch either misadvised Mr W that he could leave and they'd sort it out, or they didn't make it sufficiently clear that he needed to stay. I can't see that the branch then let Mr W know this hadn't worked or what his options were. Then in January 2024, Miss W tried to sort things out, and the advisor on the phone reasonably gave her the impression this could be done on that call. But that wasn't the case.

TSB then misadvised Mr W that he had to go into branch – despite his physical limitations, and despite the fact that they could've just posted him a security code and then sorted things out on the phone. I wouldn't have expected Mr W to remember that option from the year before, but I do expect TSB to have been aware of their own processes. TSB then agreed to do things over the phone, only to turn Mr W away when he then called. This was exceedingly poor service. It wasn't until May 2024 that TSB finally sent Mr W a security code and he was able to unblock his account. TSB could have done that much earlier.

In terms of the impact this had, I'm glad to hear that the care home did not charge Mr W any late fees or evict him. And as far as I can see, Mr W's direct debits and standing orders continued, so he didn't miss those. I also understand that he had other accounts whose balances lasted for a time, and help from family. But I find that Mr W was unfairly deprived of access to his funds between December 2023 and May 2024. I understand this caused Mr W considerable distress, upset, and worry, not least worry that he might lose his care home place once his other accounts ran out. Along with the inconvenience and embarrassment at having to borrow from those close to him. I've not seen any evidence that this directly caused Mr W's health problems, but of course I accept it will have added onto his stresses. I also understand he had to use a specialist taxi to travel to and from the branch.

In terms of putting things right, I do understand that Mr W would like TSB to explain themselves and provide various commentary. But TSB already issued their final response, which was final, and the case is now with our service. We're here to adjudicate between the two sides and make a decision. We're not really here to spur further ongoing debate. It's now up to me to assess the case and provide the comments I've found to be relevant, which is what I've done here.

Instead, when a business gets things wrong, we often tell them to pay compensation, to acknowledge their error and the impact it had. In terms of the amounts, it's worth keeping in mind that we're an informal dispute resolution service. We're not the regulator, and we're not here to issue fines or to punish businesses. And as I found before, TSB acted reasonably in initially placing both blocks. I do find that Mr W was unreasonably deprived of access to his funds between December 2023 and May 2024. Our usual approach to that is to award simple interest at the rate of 8% simple per year for the time where the customer was unfairly left without the use of their money. This is the same rate the courts use in similar situations. I find that to be fair in this situation too.

I've also taken into account Mr W's non-financial losses, including the considerable distress, upset, and worry he was caused, and the significant inconvenience over many months. So having taken into account the impact TSB's missteps had on Mr W, along with the guidelines for compensation which I must be consistent with, I find that £450 compensation would be fair to put things right, in addition to the 8% simple interest award.

I'll talk about both sides' replies below.

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.

Mr W accepted the provisional decision, but felt disappointed.

Miss W pointed out that back in February 2023, the staff member in the call had said they'd "get that unblocked for you", which she thought showed the account was already blocked or flagged to make transactions difficult. To clarify, the man impersonating Mr W had had to call in as the payment they'd attempted got stopped for checking. And again, I find it was fair and reasonable for TSB to stop that payment for checking, as it had been attempted by someone who was not Mr W and was not authorised to make payments on his behalf. Per the provisional decision, it was also fair for TSB to then block the account as a whole given the impersonation concerns. It also made sense that the staff member did not make the impersonator aware that TSB were onto them. I've found that the blocks here were made reasonably and in line with both the terms of the account and the expectation for TSB to keep accounts secure. I've looked into Mr W's account and found no evidence that the account was flagged for special extra checks or set up to make transactions more difficult than for other customers in the way Miss W suggested.

Miss W also felt we weren't holding TSB to account for breaching the relevant guidelines. It's unclear what she means by this, as we have held them to account for what they got wrong by telling them to compensate Mr W, which is what we're here for. Other than that, as explained before, we're not the regulator so we're not here to issue fines, take regulatory action, or to punish businesses. That's the Financial Conduct Authority (FCA).

Miss W expressed her disappointment that we hadn't asked TSB to provide the various commentary Mr W had asked for. But as I set out before, while I understand why Mr W might have wanted that, TSB already issued their final response, which was final, and the case is now with our service. We're here to adjudicate between the two sides and make a decision. We're not really here to spur further ongoing discussion, nor to represent either side. I've assessed the case independently and provided the comments I've found to be relevant.

TSB, on the other hand, disagreed with the provisional decision.

TSB claimed they only blocked Mr W's online banking, not the account as a whole. They said he was able to use it over the phone. So they felt they shouldn't have to pay simple interest as he could've theoretically accessed his account. But this is not supported by the evidence. TSB have repeatedly referred to this as a block on the account, not just the online banking. And when we took on the case and asked if Mr W had access to his account yet, TSB said he'd need to get the account unblocked first. Then in all the calls I've been given, Mr W was not allowed to operate the account. For example, in the March 2024 call he was told it wasn't possible to even discuss his account over the phone and he had to go into branch to get the account unblocked. So I find it's most likely that TSB's case handler is mistaken there.

Further, even if I were to accept that it was a block on his internet banking only, I cannot see that TSB made it clear to Mr W that he could run his account over the phone. Quite the opposite – as I said above, when Mr W tried to administer his account over the phone, TSB refused. The case handler pointed out that TSB's terms and conditions say that if a customer's internet banking is blocked they can call telephone banking. But I would've expected TSB to make that clear to Mr W directly, not just to leave it in the small print and expect that he'll somehow decide to reread the account's terms so long after opening it.

Finally, TSB pointed out that they did offer a security code in February 2023, which wasn't taken up at the time. But as I set out before, I'm not holding TSB liable for Mr W's lack of access between February and December 2023. And by December 2023, I would not expect Mr W to have remembered that option after so much time – not least given his health situation – but I do expect TSB to be aware of their own processes. So TSB were at fault when they did not offer this option again and instead required that Mr W come into branch despite his physical limitations.

As such, I still find that TSB effectively deprived Mr W of the use of his funds between 20 December 2023 and 31 May 2024. Having reconsidered the case, I've come to the same conclusions as before.

Putting things right

I direct TSB Bank plc to:

- pay simple interest to Mr W on the balance of his blocked account, at the rate of 8% simple a year, payable from 20 December 2023 to 31 May 2024.

If TSB considers that they're required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, they should tell Mr W how much tax they've taken off. They should also give Mr W a tax deduction certificate if he asks for one. Mr W may be able to reclaim the tax from HMRC if he doesn't normally pay tax.

- pay Mr W £450 compensation for the trouble and upset they caused.

My final decision

I uphold Mr W's complaint, and direct TSB Bank plc to put things right in the way I set out above.

If Mr W accepts the final decision, TSB Bank plc must carry out the redress within 28 days of the date our service notifies them of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 November 2024.

Adam Charles
Ombudsman