

The complaint

Mr P complains that TSB Bank plc unfairly blocked and closed his account, leaving him without access to funds. Mr P adds he is also unhappy that TSB asked him to repay his overdraft.

What happened

Mr P had a current account with TSB, which has an agreed overdraft of £3,400. Mr P used his account to receive his benefit payments and pay everyday expenses, including repaying a loan he had with TSB.

In May 2024, TSB decided to review Mr P's account. Whilst it did so it blocked the account which meant Mr P was unable to access any funds. At the time the account was overdrawn by just under £3,000. Mr P discovered he couldn't access his account and contacted TSB to try and find out what was happening. But TSB wouldn't give him much information.

Following this on 30 May 2024, TSB decided to close Mr P's account and wrote to him to let him know he had 60 days to make alternative banking arrangements. And that he'd need to repay his overdraft. During the notice period the block on Mr P's account remained in place, and existing direct debits were paid.

TSB wrote to Mr P on 2, 13 August 2024 and 24 September 2024 asking Mr P to contact them to make arrangements to repay his overdraft. The letters explained that non-payment would impact Mr P's credit file. And that if no payment was received Mr P's account would be passed to a debt collections agency.

Mr P complained to TSB and asked the bank to provide an explanation why it no longer wanted him as a customer. He said the block and closure of his account had caused him a good deal of trouble and upset because he's missed direct debit payments and couldn't use the account. In response, TSB said it hadn't done anything wrong and had closed the account in line with the account terms and conditions.

Mr P remained unhappy and brought his complaint to our service where one of our investigator's looked into what had happened. The investigator said based on the information TSB had provided she was satisfied the bank had treated Mr P fairly when it had closed his account and asked him to repay his overdraft.

Mr P didn't accept the investigator's view. He said he wants to know why TSB closed his account. And that the closure caused him a lot of problems.

As no agreement could be reached the matter has come 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 summary of events above is brief, and in far less detail than both parties have given. I don't intend any discourtesy in taking this approach. Instead, I've focused on what I consider to be the key issues involved here. The rules of our service – The Dispute Resolution (DISP) rules in the Financial Conduct Authority's handbook – provide me the discretion to do this. This is to reflect the informal nature of our service, as an alternative to the courts. If I haven't mentioned something in particular either party has submitted, this isn't because I've not considered it or taken it on board. Rather I do not feel I need to comment on it to reach a fair and reasonable outcome.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it

DISP 3.5.9R states:

“The ombudsman may:

(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate;

Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether TSB has treated Mr P fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint. I'm sorry to Mr P that I won't be able to share a significant amount of detail. But I would assure him that I've considered everything carefully.

TSB has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads to accounts being closed, and funds in accounts being withheld from account holders. The terms and conditions of Mr P's account also make provision for this.

I've next gone on to consider whether TSB acted fairly when it closed Mr P's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed.

TSB is also entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite TSB should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services

without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

TSB have relied on the terms and conditions when closing Mr P's account. I've reviewed the terms and they explain that TSB can close an account for any reason by giving two months' notice. In certain circumstances, TSB could also close the account without notice. Here TSB blocked Mr P's account so I consider TSB closed the account immediately, since Mr P wasn't able to use the account during the notice period.

For TSB to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, including the information TSB has provided to this service in confidence, I'm satisfied that TSB did. And that it was entitled to close the account as it's already done. So, I can't conclude that TSB treated Mr P unfairly when it closed his account.

I understand of course why Mr P wants to know the exact reasons behind TSB's decision to close his account, other than what he's been previously been told. And I can see that Mr P has asked TSB to explain itself on several occasions. But TSB doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr P the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr P this information. And it wouldn't be appropriate for me to require it to do so now.

When TSB closed Mr P's account it asked Mr P to repay his overdraft. I can see that TSB wrote to Mr P on more than one occasion asking him to make arrangements to repay what he owed and explained the consequences of failing to do so – that the account would be passed to a debt collections agency.

I think it's fair that Mr P is held liable for this debt, and I won't be asking TSB to write it off. From my review of all the available information concerning Mr P's complaint I haven't found TSB made any mistakes in its handling of Mr P's overdraft and I think its communications about asking Mr P to repay his overdraft were reasonable in the circumstances.

In summary, I realise Mr P will be disappointed by my decision. But based on the available evidence, I won't asking TSB to do anything more to resolve Mr P's complaint.

My final decision

For the reasons I've explained, 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 P to accept or reject my decision before 1 January 2025.

Sharon Kerrison
Ombudsman