

The complaint

Mr E complains TSB Bank plc unfairly blocked and then closed his student account. Mr E says he was treated unfairly and has been discriminated against.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

In February 2022 Mr E opened an under 19's account with TSB. On 1 June 2023 TSB informed Mr E that this account would change once Mr E reached 19 years of age. TSB explained the account would transition to a student account unless Mr E requested otherwise. As no contact was received from Mr E, the account transitioned to a student account in September 2023.

On 19 August 2024 Mr E applied for a new student account. Mr E also applied for the overdraft facility of £500. TSB was also contacted by Mr E in August and September 2024 about his account application. TSB reviewed the account and as Mr E already had an existing student account TSB closed the second account that had been opened.

Mr E raised a formal complaint with TSB about its handling of his accounts. Mr E says this closure had a detrimental impact on his credit score and TSB had treated him unfairly. Mr E says he was unable to pay his rent for November 2024 and TSB should compensate him.

TSB didn't issue a final response letter in time and provided referral rights to this service. Mr E referred the complaint to this service and an Investigator gathered evidence from Mr E and TSB. In summary the Investigator made the following findings:

- Mr E had been informed by TSB of the existence of a student account. As TSB only allowed customers to hold one student account it was reasonable for it to close the second account Mr E opened.
- The evidence provided by Mr E doesn't demonstrate the handling of his accounts by TSB had a detrimental impact on his credit score.
- There wasn't evidence to support Mr E's view that TSB had discriminated against him due to his disability.
- Mr E says he was unable to pay his rent in November 2024 due to the account closure, but the evidence shows Mr E entered into his rental agreement before applying for his second student account.

Mr E disagreed with the findings and maintained he didn't know about his existing student account. Mr E felt TSB should not have allowed him to apply for the new account given he already had one, and this was another failing on its part. The Investigator addressed Mr E's ongoing concerns and maintained her opinion that TSB had acted fairly.

As no agreement could be reached, the case has been referred to me – an ombudsman – for a final 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.

I can see Mr E feels very strongly about his complaint. That's clear from what's he's said to us and to TSB. I'm very aware that I've summarised the events in this complaint in far less detail than Mr E and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Mr E's complaint points have evolved since the complaint has been with this service. I can also see Mr E has changed aspects of his testimony and what he considers to be the key issues. I will address what I consider, after looking at all the submissions, to be the key points in turn.

Account closure

Mr E says the closure of the student account ending 3347 had a detrimental impact on him as he needed the facility and the associated overdraft. I've thought carefully about the account and TSB's reasons for its closure, and I'm satisfied it acted fairly. I will explain why.

The terms and conditions of TSB's student account specify that a customer can't have more than one student account at a time. Given the benefits associated with a student account this is standard practice for banks like TSB. Mr E's under 19 account ending 5481 had converted into a student account the previous year, which meant Mr E was unable to keep open the new student account he had applied for.

I understand Mr E says he wasn't aware he had an existing student account. However, TSB has provided evidence to show Mr E had been informed his under 19 account would be transitioning to a student account. As no contact was received from Mr E following this letter the account changed to a student account. Mr E would've also been sent statements regarding this account, and once the account became a student account the statements reflected this change and were titled 'student account'. Based on this evidence, I think Mr E ought reasonably to have been aware he held an existing student account.

Mr E says TSB shouldn't have allowed him to apply for a second student account if customers are only allowed to hold one. I appreciate Mr E's comments, but TSB like most other banks will allow applications to be made by those who wish to use its services, and it is only once the application is received and reviewed by the relevant teams that the necessary checks and verification can be carried out. I think this is reasonable and I wouldn't expect TSB to have flagged the issue about an existing student account sooner than it did.

Mr E thinks the account closure is unfair and TSB should've allowed him to keep the account open. Mr E does still have an operational student account with TSB, and he able to currently utilise this account as normal. I must also highlight a bank will have broad commercial discretion in deciding who they wish to provide accounts to – and this extends to the type of products it wishes to offer. It would be rare that our service would say that an account must be reopened or continue to be serviced, unless there is very good reason. In Mr E's case I haven't seen anything to suggest TSB has acted unfairly and that it should allow Mr E to have the second student account he opened.

Overdraft facility and credit rating

Mr E says the second account he applied for with TSB had an overdraft facility which the first account did not. Mr E says it's unfair TSB chose to close the account with the overdraft facility, rather than the initial account.

An overdraft is a form of credit, and the provision of credit is subject to various checks. TSB has confirmed an overdraft was initially agreed, but upon further checks it wasn't added to the second account. TSB says this was based on the lending and affordability checks it carried out. I understand Mr E's comments that he needed to rely on the overdraft, but TSB was under no obligation to provide him with one. I think it's fairly assessed his application and made the decision not to provide the overdraft, and eventually the decision was made to close the account.

Mr E initially told our service he required the new student account and associated overdraft to pay for his student accommodation. However, the student account application states Mr E wouldn't have a rental commitment and Mr E has later explained that he wasn't relying on the account to help cover rent. For the sake of clarity, I will address this issue. Once Mr E made the application to TSB it was then subject to various checks – although Mr E was an existing TSB customer, there was no guarantee this account would be granted, along with the overdraft. TSB fairly exercised its discretion in deciding to close the second account Mr E applied for and declining to provide an overdraft. It therefore wouldn't be reasonable to hold TSB responsible for any losses Mr E says he incurred as they were based on any assumption that the account and overdraft would be granted by TSB.

As part of Mr E's complaint, he has made detailed arguments regarding the impact TSB's handling of his accounts had on his credit rating. I've carefully considered the credit rating information Mr E has provided and I can't see that there is a clear link between TSB's actions and the change in his credit rating. The credit rating for Mr E will be based on a range of financial factors and his entire financial situation. This isn't to say his dealings with TSB won't be reflected in his score – for example a hard search carried out by TSB following his application for the student account will have an impact, but this is normal procedure when a new product is applied for. Based on what I've seen I don't think TSB can be held responsible for the changes Mr E has detailed, so I don't think this is an issue TSB needs to compensate Mr E for.

Discrimination

Mr E says he has been discriminated against by TSB due to his disability. I am sorry to hear Mr E feels this way. While we take any allegation of discrimination seriously, we are an informal dispute resolution service, meaning we don't have the power to decide whether or not TSB is in breach of the Equality Act 2010, as only a court has the power to do this. What we can do is take relevant law and regulation into account when deciding what's fair and reasonable in the circumstances of a complaint.

Taking the above points into account, I have assessed Mr E's complaint based on what I consider fair and reasonable given its specific circumstances. Having done so I can't see that TSB has acted unreasonably. Mr E says he informed TSB of his disability, and it failed to take this into account in its treatment of him. For example, he was asked to attend branch for ID checks when he has limited mobility. I've considered this, and whilst I accept TSB did want to verify Mr E's identification it has confirmed this was to protect the account from fraud and ensure the individual it spoke to in August and September 2024 was Mr E. I have listened to this call and no mention was made of any reasons why a branch visit wouldn't be possible. Given the available information I consider TSB's request reasonable due to its overriding regulatory obligation to safeguard its customers' accounts.

I've also considered TSB's decision to close Mr E's second student account in light of Mr E's comments about discrimination. TSB has provided clear rationale and legitimate reasons for its decision to close Mr E's second student account. Its internal notes also indicate it was following clear business processes, and I haven't seen anything to suggest its actions were linked to Mr E's circumstances, and in particular, his disability.

Summary

Mr E believes he should be awarded compensation as he has been treated poorly. To award compensation for financial loss, distress, and inconvenience, I must reach the conclusion that TSB did something wrong. But after carefully considering everything that's happened, I don't think TSB has acted improperly.

I know this will not be the outcome Mr E was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking TSB to compensate Mr E, reopen his second student account or offer him an overdraft facility.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 12 March 2025.

Chandni Green
Ombudsman