

The complaint

Mr G has complained about TSB Bank plc temporarily reversing a refund by mistake.

What happened

In late 2024, TSB credited Mr G's account with £450, which was a refund from a fraud claim. That same day, TSB reversed the refund due to a processing error. The next day, TSB put the £450 back in his account again.

TSB apologised, explained what had happened, and paid Mr G £50 compensation for their mistake.

Our Investigator looked into things independently and found that TSB had already resolved things fairly. Mr G asked for an ombudsman's review, so the complaint's been passed to me 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.

First, I should explain that we're an informal dispute resolution service; we're not the regulator – that's the Financial Conduct Authority (FCA). So we're not here to fine or punish businesses, nor to carry out reviews into their processes, and we don't set the way that banks work across the board. So while I understand that Mr G would like TSB to face more accountability and to face a review of the way they handle payments, that's not what we're here for. We're here to decide individual complaints about individual situations. So my decision will just be about what happened between Mr G and TSB, not the way TSB work more generally.

I can appreciate that seeing a refund get accidentally reversed might cause some stress or frustration. I'm grateful to Mr G for being open and candid with us about how this matter made him feel.

TSB accept that this was their mistake. When a bank makes a mistake, we're not here to punish them or to issue fines. Instead, we look at how to fairly put things right, based on the impact the mistake had.

This was a small mistake which only lasted for a short time. TSB fixed their mistake quickly and the money was back in Mr G's account the very next day. I can see they also explained the situation. In the meantime, I can see that Mr G's account remained in a positive balance. I can't see that any payments got declined, and he didn't go into an overdraft or incur any fees or anything like that. So there was no substantial financial impact.

I acknowledge TSB's mistake may have caused some stress and frustration. But given it was a small mistake, causing no substantial financial impact, which was fixed very quickly, I don't see that the stress or frustration would've been very large or long-lasting, and I don't think it was a reasonable cause for significant long-term concern. Mr G pointed out that the error could've technically had a worse impact, for example if it had affected his other financial obligations. But we only award compensation for things that actually happened, not things which technically could've happened but didn't actually happen. And if Mr G feels he no longer wishes to entrust his money to TSB, he is free to move to another bank.

TSB put things right by fixing their mistake quickly, updating Mr G and explaining what had happened, apologising, and paying him £50 compensation. Taking into account the error and its material impact, alongside our guidelines for putting things right, I find that TSB have already resolved things fairly. I find that they don't need to do anything more in this case.

My final decision

For the reasons I've explained, I find that TSB Bank plc have already resolved Mr G's complaint fairly. I don't make any further award.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 June 2025.

Adam Charles
Ombudsman