

The complaint

Mr C brings the complaint on behalf of C, a limited company. He's unhappy that TSB Bank plc closed C's bank account.

What happened

Mr C has told us that:

- In August 2024 he was contacted and asked to provide information about his business and how C used its TSB account. He found the letter threatening as it advised C's account would be closed if it didn't respond.
- C provided all the information requested within the timeframes given and understood the review to be complete.
- Around October 2024, C applied to open a savings account with TSB and was unable to due to an error. C tried to contact TSB to find out more about this but TSB couldn't resolve the problem. Mr C made a complaint which he feels TSB didn't sufficiently address as its response didn't mention the error in opening the savings account.

TSB has told us:

- It carried out a standard Know Your Business (KYB) review of C's account in August 2024 which was completed in October 2024. After completing the review it made the commercial decision to close C's account but due to an error it didn't actually close the account.
- The reason C had been unable to open a savings account was because TSB had recorded the decision to close, so its system prevented any new accounts from being opened.
- Whilst this was identified in October 2024 when Mr C made the complaint, due to error the account was not closed. This was recognised in January 2025 when the 60 days' notice to close the account letter was sent to Mr C.

Our investigator didn't uphold the complaint. They felt the TSB's decision to carry out the KYB review and close the account was fair.

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.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer

is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

TSB has relied on the terms and conditions when closing C's accounts and it has provided supporting evidence to show why the terms and conditions it's relied on are applicable in this case. Having reviewed this information, I'm satisfied it has acted fairly in closing C's account.

I understand Mr C wants TSB to explain the reason it closed C's account and he says not sharing more information about this unfair taking into account its obligations, in particular the Financial Conduct Authority's Consumer Duty which sets the standards of consumer protection across financial services. I have thought about this. But I am not persuaded that TSB needs to disclose the exact reason it decided to close C's account. The terms and conditions of the account allow the bank to close it with the appropriate notice without providing details of the bank's reasons. And the regulatory obligations do not change this.

It can't be pleasant being told you are no longer wanted as a customer. But TSB isn't obliged to share information about why it closes its accounts. And the Financial Ombudsman Service may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security or commercially sensitive information. Some of the evidence TSB has provided is information that we consider should be kept confidential. This means I haven't been able to share a lot of detail with Mr C, but I'd like to reassure him that I have considered everything carefully.

I can see in this case the review was completed in October 2024 and the account wasn't closed until much later. C wasn't sent the 60 days' notice the account would be closed until January 2025. And TSB has acknowledged that this was an error.

I can understand why, from Mr C's perspective, this was a surprise. He'd provided C's KYB information long before the decision to close the account was made. But as I've explained, this was an error on TSB's part. The closure process had not been completed internally and so the account remained fully operational.

Mr C has asked for more details around how this could've happened, but I'm satisfied the explanation I've seen is sufficient. When an error occurs, my role is to consider the detriment this might've caused. And in this case I haven't seen sufficient evidence there has been any. C was able to continue using its account longer than it otherwise would've been able to, and when the decision to close the account was made C was given sufficient notice in line with the terms and conditions of the account. This same notice would've been given if the account had been closed correctly at the end of the KYB review.

I'd also add that the KYB review might've been carried out at any time. So whilst the account was closed some time after the review was started, overall, I can't see the delay in completing the review and the account closure has disadvantaged C.

Mr C has explained that he found the KYB letters from TSB unreasonable and threatening. But it can be the case that if a bank doesn't receive a response to reasonable questions about the use of an account, it may decide to close it. So it's reasonable that it lets customers know this so they understand the importance of responding to requests.

I acknowledge that it must've been confusing for Mr C when he tried to open a savings account on behalf of C and was unable to due to what seemed to be an error. But as I hope I've explained, the reason C couldn't open a second account was because TSB had recorded that it intended to close C's account. It follows that it wouldn't allow a customer it had decided to part ways with open a new account. And whilst he believed the reason C

couldn't open the account was due to an error, Mr C was aware the account hadn't been opened and C wasn't earning interest. C was free to mitigate any losses by opening a savings account elsewhere.

I appreciate there was confusion over this point and Mr C didn't feel he was able to get a clear answer on why he couldn't open a new account. I think this is likely because decisions relating to the closure of an account are often kept secure to best protect customers. So it likely wouldn't have been immediately apparent to all TSB staff what the issue was. I think this is also likely why the response C received to the complaint focused on the KYB review rather than the new application made.

Mr C has said this situation has caused him personal distress and anxiety. And whilst I can understand this, the complaint here is brought by C, a limited company and a separate legal entity. Mr C is not a customer of TSB, C is. So I can't consider his personal distress as part of this complaint.

Overall, whilst I can see there has been some confusion in this process, I'm satisfied the decision TSB made in this case is reasonable.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 27 November 2025.

Faye Brownhill
Ombudsman