

The complaint

Mr C complains TSB Bank plc unfairly restricted his accounts and provided him with poor service.

What happened

Mr C held multiple accounts with TSB. In early January 2025 the accounts were blocked and Mr C raised queries regarding the restrictions with TSB. Mr C was informed the accounts were being reviewed, and it was unable to provide further details.

Mr C raised a formal complaint about the block on his accounts and the service he received. In its final response letter dated 16 January 2025 TSB Bank explained that the account block was being reviewed. It also acknowledged that the service Mr C had received fell below reasonable standards as he had been transferred during a all to the incorrect department. TSB Bank issued Mr C with a cheque for £30 in recognition of the poor service. It also offered to consider any further expenses Mr C may have incurred, and asked Mr C to provide supporting evidence of this. Mr C remained unhappy as his account remained blocked, and a further response was issued to him on 22 January 2025 explaining there was a processing delay, and the accounts would be functional as soon as possible.

Mr C remained unhappy with TSB's handling of his accounts and referred the complaint to this service. Initially the complaint was upheld, as TSB failed to provide clear evidence to support its actions. However, following this view, further information was provided and the Investigator issued new findings. In summary, they made the following recommendations:

- TSB blocked the accounts after receiving a Freezing Order. The terms of the accounts allow TSB to take this action.
- TSB blocked the accounts in line with its legal and regulatory duties.
- The Freezing Order was set aside, and TSB unblocked the accounts. TSB acted promptly here.
- The compensation issued by TSB for the service issues is fair.

Mr C disagreed with the outcome reached and explained that his savings account missed out on interest whilst they were blocked. Mr C also explained he had taken out a loan to cover expenses during the period the accounts were blocked and an existing loan he had couldn't be repaid. Mr C also explained that he had been in touch with the police officer involved in the court action and they confirmed they were given insufficient evidence, and the accounts should never have been blocked. Mr C said the bank mis-led the police and there was no money laundering activity on his accounts. Mr C felt further compensation was due as the impact of the blocks was severe.

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.

Firstly, I am sorry to see Mr C has had cause for complaint. I'd like to reassure Mr C that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

As a UK financial business, TSB is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means TSB needs to restrict, or in some cases go as far as closing, customers' accounts.

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. 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 C fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

In Mr C's case TSB hasn't shared details with Mr C, but he is aware TSB restricted Mr C's accounts due to a Freezing Order. TSB is obligated to take action in line with court directions, and having considered the Order, I'm satisfied TSB took these actions in keeping with the obligations it must adhere to. I must also highlight the account terms allow TSB to block and review Mr C's accounts in certain circumstances and this includes legal reasons. With this in mind I am satisfied TSB blocked the accounts in keeping with its legal duties and the account terms.

Mr C says the Freezing Order was incorrect and TSB provided incorrect information to the police. I am unable to comment on the process followed by the court and the information it relied on when issuing the Order. My role is to consider TSB's actions, and based on what I can see TSB's decision to follow the requirements set out within the Freezing Order is reasonable in the circumstances. I don't think it would be appropriate for TSB to have queried its contents, and its overriding legal obligations came first in these circumstances. The Freezing Order was set aside, and TSB unblocked the accounts on 4 March 2025. TSB acted promptly here, once it received the set aside details and I can't see that it caused any undue delays.

Mr C says TSB's decision to restrict his accounts caused him significant distress and inconvenience. I do appreciate this matter would've caused Mr C difficulty, as I can see he had multiple holdings with TSB. But as outlined above, I'm satisfied TSB took reasonable action in blocking the accounts. I can also see Mr C had access to another account, and in mid-January 2025 Mr C was able to access some funds of his accounts. Mr C says he had to take out a loan during the time the accounts was blocked and has provided details of this. Mr C also says he was unable to settle an existing loan he had, which had a detrimental impact on his finances. Whilst I appreciate the blocks meant Mr C was without funds, I don't find that TSB should be held liable the decisions he made on how to access alternative

funds during this time. As noted above, TSB restricted the accounts on fair grounds, and I don't find compensation for the interest to be fair or appropriate in the circumstances.

Mr C says his accounts didn't receive the necessary amount of interest whilst they were restricted. TSB has confirmed that interest was still applied to the accounts which were interest bearing during the period of restriction. Based on the information provided, I'm satisfied Mr C hasn't missed out these account benefits.

TSB recognises there were instances of poor service when Mr C made enquiries – he wasn't given the correct service in branch and his call was transferred to an incorrect department. In its response letters to Mr C's concerns it offered Mr C £30 in recognition of its shortcomings. Mr C says this level of compensation is low and doesn't accurately reflect the impact TSB's actions had on him. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses, and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the service issues Mr C experienced, I think the £30 offer from TSB is reasonable and in line with the awards our service makes when there have been shortcomings.

I know this will not be the outcome Mr C was hoping for, but I am satisfied TSB acted reasonably in taking action to discharge its legal and regulatory obligations. I know Mr C will be disappointed, but I hope my decision provides some clarity around why I won't be asking TSB to take any further action or compensate Mr C in relation to his account blocks.

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 C to accept or reject my decision before 9 October 2025.

Chandni Green
Ombudsman