

The complaint

A company I'll call A complains that TSB Bank PLC (TSB) blocked its account without notice, then failed to provide adequate assistance to A when it sought help completing the forms TSB requested, and caused unnecessary delays that led to the account remaining blocked for longer than it otherwise would have been.

A is represented by one of its directors, Mr G.

What happened

In June 2023, TSB blocked A's account while it carried out a review. It asked Mr G to explain two payments into A's account and Mr G explained that the payments were test payments from a business partner, made in connection with court fees, and provided supporting invoices.

Mr G told our service what followed was an extremely frustrating process. He says he spent months trying to update the mandate, only for TSB to continually reject the forms he submitted. He also says he was given conflicting information about how he could complete the mandate, and that the staff in branch were unhelpful.

Mr G complained, and TSB issued a final response letter on 23 January 2024. It gave guidance on how to complete the mandate and offered to pay £30 compensation in respect of any inconvenience caused. After the mandate was finally completed to TSB's satisfaction, Mr G says TSB caused further delays, before ultimately deciding to close A's account in June 2024.

Mr G brought A's complaint to our service, saying he had asked TSB to provide details of the originating banks in respect of the payments in question. And that he wanted TSB to pay A compensation.

Our Investigator upheld A's complaint in part. She said TSB was entitled to block and review A's account, and that it had provided all of the information it could do regarding the payments. But she didn't think it had provided sufficient assistance in connection with completion of the mandate and she felt TSB had caused avoidable delays during the review.

To put things right, she felt TSB should pay A £230 in respect of the inconvenience caused to A by the delay. She explained that she couldn't make an award for any distress Mr G had experienced personally, because A was TSB's customer, not Mr G. And that a limited company cannot feel distress. And she noted that A's directors had used their personal accounts to run the business, which had reduced the impact of the block.

TSB accepted our Investigator's findings, but Mr G didn't. He noted that our service can award up to £375,000 for complaints of this nature and said he expected compensation to be in the region of £30,000. Mr G said this figure was in line with "Ombudsman precedent", and said compensation should be calculated on a daily rate, to include cover for the financial disruption A experienced, the impact on cashflow, transactions and business relationships, the fact that A had been with TSB for 20 years, and the lack of a clear justification from TSB.

Mr G didn't provide details of the "Ombudsman precedent" he referred to, he didn't provide details of the heads of claim he had presented, and he didn't provide any evidence in support of his claimed losses.

Because no agreement could be reached, the matter came to me to issue 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 should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And 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 in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr G and TSB have said, before reaching my decision.

Account block

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review.

So, in order to make an award in favour of A, I would need to be satisfied that TSB acted unfairly or took actions it wasn't entitled to take. Having looked at the evidence it relied on in reaching its decision to block and review A's account, I'm satisfied TSB acted in line with its legal and regulatory obligations when it did so. And that it was entitled to take such actions under the account terms and conditions that governed the relationship between TSB and A.

Because I'm satisfied TSB was entitled to block A's accounts, I won't ask it to compensate A for doing so, given it did nothing wrong. Mr G was also unhappy that TSB wouldn't explain why it had blocked A's accounts, but I'm afraid I won't be asking TSB to explain itself further. TSB is under no obligation, whether contractual or otherwise, to explain its reasons when it blocks an account in circumstances such as these. So, while I have no doubt Mr G will be frustrated that TSB won't explain itself, I can't reasonably compel it to do so. And I'm satisfied it has provided Mr G with all of the information it can relating to the originating bank.

With that being said, having reviewed the evidence TSB provided our service to demonstrate the actions it took during the review, I'm not persuaded that TSB progressed its review promptly, or that it provided adequate assistance to A in respect of the mandate.

TSB has explained to our service that the information Mr G provided didn't satisfy its concerns such that the block could be lifted. I don't intend to interfere with TSB's assessment of the information it received, and I don't intend to tell TSB what it should and should accept in light of the ongoing review. But it seems clear to me that A wasn't able to provide anything beyond what it provided early on. And so the information TSB had to hand

when it decided to end its relationship with A in June 2024 was broadly the same information that it had in the early stages of the review.

I recognise that there was a further issue with the mandate, and I can see that TSB's review continued in the background. But I'm not persuaded that the delay was justified and I take the view that TSB should have concluded its review more quickly. It's clear that Mr G needed help completing the mandate and TSB hasn't demonstrated the steps it took to provide appropriate assistance to Mr G, given he had made numerous unsuccessful attempts to complete the mandate, including branch visits and phone calls.

Because of what I've said above, I'm going to tell TSB to pay A compensation. In assessing what compensation should be payable, I've considered the impact TSB's actions had on A and I've reviewed what Mr G has told our service about the losses A suffered as a result. While Mr G claims £30,000 in compensation, I haven't seen any compelling evidence to persuade me that an award anywhere near that level would be appropriate.

As our Investigator explained, I can't make an award for any distress Mr G, or any other of A's directors, suffered personally. Mr G is not TSB's customer, that was A, and A is a limited company so cannot experience distress. While I can see that A experienced inconvenience as a result of the ongoing issues with TSB, that inconvenience was limited to having its director's attention turned away from usual business matters. And I haven't seen any evidence of any significant impact of that.

Mr G told our service that A continued to trade by using bank accounts belonging to its directors, so I can't see how A would have suffered loss that would justify an award of £30,000. Mr G didn't seek to submit evidence in support of his claim, and I haven't been able to identify any significant consequential losses based on the information I have to hand.

And based on the evidence I've seen, I'm satisfied that a payment of £230 represents fair compensation for the inconvenience A experienced here, given the issues took a reasonable effort to sort out.

My final decision

My final decision is that TSB Bank PLC must pay A £230.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 8 July 2025.

Alex Brooke-Smith
Ombudsman