

The complaint

Mr T complains about TSB Bank plc's decision to close his account and demand full repayment of his overdraft.

What happened

Mr T held an account with TSB with an overdraft. In November 2024, TSB made the decision to close Mr T's account and wrote to him giving 60 days' notice of closure. TSB also demanded repayment of the overdraft balance.

Mr T borrowed money from a family member and attempted to transfer the money to repay the overdraft but found the account had been blocked. After phone calls with TSB, Mr T had to travel to branch to repay it. Mr T says this added further stress to the overall situation and complained.

TSB said they acted in line with the terms and conditions of the account and followed their legal and regulatory obligations when blocking and closing it. One of our investigators reviewed things and agreed that TSB's actions were fair. He said the 60 days' notice Mr T was given was sufficient for Mr T to make alternative banking arrangements and set up a repayment plan if needed for the overdraft.

Mr T remained unhappy so it has been passed to me to decide.

In an attempt to resolve things informally, I reached out to Mr T and TSB. I explained that I agree TSB were entitled to close the account and demand repayment of the overdraft in line with the account terms and conditions. However, I hadn't seen anything from the evidence provided to justify an immediate closure – which is in fact what Mr T received due to the block on his account. I asked TSB to pay £100 for the inconvenience in causing Mr T to visit branch to repay the overdraft.

TSB responded and said that as Mr T hadn't actively used the account in over a year, they don't feel the block would have made any difference to him.

Mr T confirmed that prior to January 2025 he didn't have the funds to repay the overdraft, however on TSB's demand he borrowed the money from a family member. He confirmed he attempted to repay the amount via bank transfer around 11 January 2025 and then had a lengthy phone call with TSB where they informed him he would have to visit branch. Mr T had to take time out of his schedule and walk around with a large sum of money to be able to meet TSB's request. Mr T says he doesn't feel £100 would cover the time spent, let alone the sense of shame and embarrassment the whole situation caused him.

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've decided to uphold Mr T's complaint. I will explain why below.

TSB, as with all banks, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. These obligations can be broadly summarised as a responsibility to know their customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm.

It's generally for financial institutions to decide whether they want to provide, or continue to provide, banking facilities to any customer. However, they should still comply with the terms and conditions and in Mr T's case, that was to give 60 days' notice. Having looked at TSB's reasons for deciding to end their relationship with Mr T, I'm satisfied they have fairly exercised their discretion. I'm also satisfied the overdraft which Mr T entered was repayable on demand, and therefore TSB were entitled to ask Mr T to repay it. I appreciate Mr T says he found it stressful to find this amount of money, especially due to the time of year, but I can't fairly uphold his complaint on that point. TSB were entitled to ask Mr T to repay the overdraft at any point, and they did so at the same time as deciding to end their relationship with him.

However, TSB blocked Mr T's use of his account during the 60-day notice period. This action effectively gave Mr T no notice period. I appreciate TSB's comments that Mr T didn't use the account and therefore the block wouldn't have made an overall difference – but I can't reasonably agree. The point here is that TSB didn't give the notice as they should have. And due to their demand of repayment, Mr T sourced the funds elsewhere and couldn't repay it through the means he intended to, due to the block. Based on the full circumstances of the complaint, and the evidence TSB has provided, I don't agree TSB had sufficient concerns to allow them to close the account immediately as specified in the account terms.

I do consider the block caused unnecessary additional stress to Mr T. He spent time on phone calls and travelling to branch, instead of being able to make a bank transfer to repay the overdraft. So overall, while I agree TSB were entitled to close the account and demand repayment, I don't consider they should have blocked the account for the notice period to prevent any further use. This wouldn't have caused any further risk to TSB as Mr T had already maximised use of the overdraft, so TSB only prevented incoming payments – which they still accepted in person at branch.

Putting things right

In view of the above, I require TSB Bank plc to pay Mr T £100 for the distress and inconvenience he experienced because of TSB blocking his account for the whole of the 60-day notice period. I recognise Mr T doesn't agree this amount fairly reflects the time spent or the embarrassment caused to him, but based on everything I've seen, I consider this amount to be appropriate in the circumstances.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 January 2026.

Hayley West
Ombudsman