

The complaint

Mr D complains that TSB Bank plc unfairly blocked his account without providing a proper explanation. He is also unhappy that TSB won't release money that was paid into his account back to him after it closed his account.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr D opened a current account with TSB in August 2024. On 28 September 2024, a payment of £11,000 was paid into Mr D's account with the reference 'son'. The payment was made by an individual with the same surname as Mr D.

At the time the balance of Mr D's account was just over £4,000. After the £11,000 payment was received Mr D transferred £10,000 to another account and made some small purchases, which left a balance of just over £5,000 in the account.

Following this TSB were notified by another bank that the £11,000 was fraudulent. In response, TSB blocked Mr D's account and asked him for information about the payment and his entitlement to the funds. Mr D told TSB that the money had been paid into his account by his father. And that it was money that he was owed. To show he was entitled to the money Mr D sent TSB a photograph of his father's bank account statement, which showed the money being transferred to Mr D's account.

TSB reviewed everything but didn't think it showed Mr D was entitled to the money. So it decided to return the funds to the sending bank. And told Mr D he'd need to speak to his father about the fraud report

Mr D appealed to TSB and asked them to review its decision. He said the money was his and he was now out of pocket. TSB reviewed everything again but maintained its position.

Mr D remained unhappy and brought his complaint to our service where one of our investigators looked into what had happened. After looking at all the evidence the investigator didn't uphold Mr D's complaint. In summary they said TSB had blocked Mr D's account to comply with its legal and regulatory obligations. And hadn't done anything wrong when it sent the funds back to source.

Mr D disagreed. In summary he said he wants his money released to him.

As no agreement could be reached the matter has come to me to decide.

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

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 a customer's account and ask them for information.

In Mr D's case TSB restricted their account due to an incoming payment. Upon restriction TSB carried out a proof of entitlement exercise. Mr D says he co-operated with this and provided information to TSB about the payment into the account and the source of funds. Mr D says the provision of this information should've been sufficient to remove the restrictions on the account quickly. And TSB shouldn't have sent the funds back to source. He says the money belongs to him.

I want to make it clear that I understand why what happened concerned Mr D. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account had been blocked. But I've also considered the basis for TSB's review, which includes looking at the information TSB has shared with our service in confidence, when deciding whether TSB treated Mr D fairly.

Having looked at all the evidence, and circumstances I'm satisfied that TSB have acted in line with the terms and its legal and regulatory obligations when it blocked Mr D's account and asked him to provide information about the payment into his account. I say this because TSB had been alerted by another bank that the money coming into Mr Ds' account was fraudulent. So, I don't find TSB treated Mr D unfairly when it blocked Mr D's account. Doing so allowed TSB time to decide how best to react to the report it had received from the other bank.

Mr D says TSB shouldn't have sent the remaining money back to source. He says the money is his and was sent to him by his father. I've considered TSB's review of the evidence provided by Mr D. And what Mr D told TSB and us about the money.

I must also highlight the evidence from Mr D will be assessed alongside various other sources of evidence, and TSB is obliged to carry out a thorough review, which satisfies its internal processes and risk requirements before it can remove the account restrictions and release funds.

Although Mr D says he provided detailed information TSB initially decided it wasn't sufficient to allay its concerns. And asked Mr D for more information, which Mr D wasn't able to provide.

I've thought about the explanation Mr D gave to TSB – that the £11,000 was money his father owed him. But I'm not persuaded by his version of events. It's difficult for me to accept that Mr D couldn't show where his father obtained the money that he sent to him. He also hasn't provided any information about the loan he said he made to his father in the first place. Considering all the evidence I've seen, which includes the evidence TSB has provided to us in confidence I'm persuaded Mr D hasn't given TSB or this service enough information

to show he wasn't complicit in allowing his account to be used to facilitate fraud. So, I don't find TSB's concerns or actions unreasonable.

I know this will not be the outcome Mr D was hoping for, but I am satisfied TSB acted reasonably in taking action to discharge its regulatory obligation. I know Mr D will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking TSB to take any further action or release the funds it sent back to source to Mr D.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 October 2025.

Sharon Kerrison
Ombudsman