

The complaint

The estate of Ms R, represented by her personal representative – who I'll refer to as "Mrs W" – complains that TSB Bank plc unfairly restricted and closed Ms R's account. Mrs W also complains about the bank's handling of a payment dispute Ms R had raised.

What happened

Around December 2023, Ms R contacted TSB as she was concerned about some unauthorised payments on her account. TSB initially refunded the value of the payments, only to re-debit Ms R's account the next day. At the time, TSB also restricted Ms R's account and issued notice that it would be closing the account in two months. Ms R complained that the bank re-debited the value of her claim and decided to restrict and close her account. At the time, Ms R was concerned about accessing her funds.

In the weeks that followed, Ms R was in regular contact with TSB about getting access to her funds. Mrs W says TSB was aware of Ms R's vulnerabilities, but it failed to support her – causing distress to her, as she eventually had to travel alone on public transport to a TSB branch. During this time, Mrs W says Ms R was unable to care for her child or pay for essential living costs. Mrs W adds that Ms R had to redirect her banking via Mrs W's account, and this caused an inconvenience to both of them. Moreover, Ms R was unable to open an account elsewhere, so Mrs W thinks TSB has recorded adverse information against Ms R's name.

In escalating Ms R's complaint to this service, Mrs W seeks the return of the funds and compensation. She says Ms R was left without access to her funds, despite TSB being aware of her vulnerabilities. She says Ms R made it clear she would have difficulty caring for her young child, particularly over the Christmas period – but TSB failed to support her.

As part of its submissions, TSB explained it would return the £250 it re-debited as well as pay 8% simple interest on the funds. Our investigator issued their outcome, asking TSB to pay £350 compensation in addition to this, because of the poor service it provided Ms R and because it failed to provide adequate notice before closing Ms R's account. TSB accepted the investigator's conclusions.

Mrs W didn't agree as she feels further compensation is warranted here. She points to the poor advice from TSB staff and is unhappy about the way Ms R was treated, despite the bank being aware of her vulnerabilities. Mrs W is also concerned that TSB recorded an adverse marker against Ms R's name.

Mrs W asked for a final decision, so the complaint has been passed to me to review.

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.

Having done so, I share the investigator's conclusions – I'll explain why.

It's generally for financial institutions to decide whether or not to provide, or to continue to provide banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts.

Providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. However, a bank should still make sure it hasn't exercised its discretion for plainly unfair reasons, or that it was due to a mistake, and it should still comply with its terms and conditions.

The terms and conditions that applied to Ms R's account set out that TSB could close her account either by giving at least two months' notice, or in some circumstances it could close the account immediately.

TSB has shared its closure reason with this service, which I'm unable to go into the detail of as it was shared in confidence. Given this information, I'm satisfied that TSB had fair cause to close Ms R's account. Although TSB provided two months' notice, it restricted Ms R's account during the notice period. So she was unable to carry out any transactions, albeit direct debits payments seem to have continued. Given the restriction, Ms R effectively experienced an immediate termination of her account. I think this was unfair.

TSB seems to have been aware of Ms R's vulnerabilities, and I can see she's made her circumstances clear to the bank during the multiple calls she made during the period of the restriction. TSB should have done more to support Ms R so she could gain access to her funds, which mainly consisted of benefit payments.

I also note that, in the first call on 23 December, TSB advised Ms R that her funds could be transferred elsewhere and that she could use her debit card – both comments turned out to be made in error as none of these options were available to her. I would've expected the bank to at least facilitate a transfer on Ms R's behalf.

TSB accepts its failings and has offered to return the £250 it re-debited as well as pay 8% simple interest on the funds. The bank also agreed to pay the £350 compensation recommended by our investigator.

I appreciate Mrs W feels further compensation should be paid. I don't doubt the level of distress Ms R experienced at the time, but I don't agree that the compensation award should be increased. The submissions Mrs W points to as cause to increase the compensation award are issues that I've already kept in mind as part of determining whether £350 is fair – this includes TSB's failure to support Ms R in gaining access to her funds, the bank's poor advice and its failure to make adjustments to account for Ms R's vulnerabilities.

I'm also mindful that, despite the inconvenience it caused Ms R, she was able to redirect her banking needs via Mrs W's account. And it seems the need for this arose from the fact that Ms R was unable to obtain a bank account elsewhere, rather than it being due to something TSB had done, that affected her for an extended period. Moreover, I can see Ms R withdrew her funds around two weeks after the restriction was put in place. So I'm satisfied she would have been able to fund her essential living expenses from this point onwards.

Mrs W points to an adverse marker she thinks TSB recorded against Ms R's name – preventing her from obtaining alternative banking facilities. However, I haven't seen any evidence to suggest TSB has recorded any adverse information against Ms R's name. It's possible that adverse information may have been recorded by another financial institution, but this is something Mrs W will need to look into herself, if she feels it's necessary. So I'm satisfied TSB didn't do anything that would have affected Ms R's ability to obtain alternative

banking facilities.

Mrs W also points to the distress she experienced herself whilst supporting Ms R through these circumstances. However, I can't consider the stress experienced by Mrs W, as she isn't TSB's customer, and her capacity in dealing with this complaint is as Ms R's representative. I'd like to reassure Mrs W that I don't doubt that this experience would have also been distressing for her, but this isn't something I can take into consideration.

Overall, I'm satisfied that there's been multiple failings on TSB's part, and this caused unreasonable distress and inconvenience to Ms R. To settle this complaint, TSB has offered to refund the £250 it re-debited from Ms R's account and include 8% simple interest – calculated up until the date it makes payment*. If it hasn't done so already, the bank should honour this settlement offer. In addition, TSB should pay £350 compensation to Ms R's estate.

**If TSB considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs W how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

I'm upholding this complaint. TSB Bank plc should settle this complaint in line with what I've set out above.

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

Abdul Ali
Ombudsman