

The complaint

Mr T complains that TSB Bank plc unfairly restricted his account and asked him for information.

What happened

In July, TSB restricted Mr T's account and asked him for information about payments he received. Mr T says he responded to TSB's requests several times, yet it continued to ask him for information he'd already provided. So he refused to respond further until the bank confirmed its legal basis for the information it was asking for.

In response to Mr T's complaint, TSB explained it was acting in line with its regulatory obligations and concluded no errors had been made. Remaining unhappy, Mr T asked this service to independently review his complaint. At the time of referral, Mr T wanted the restriction removed, an apology and compensation. He says TSB's actions caused him financial disruption, distress and anxiety. He also feels he's wasted time dealing with this matter, as he had to make multiple calls and visit a TSB branch.

Our investigator issued their outcome, concluding that TSB had acted fairly. Mr T doesn't agree and asked for a final decision – so the complaint has been passed to me to decide. Mr T says the funds TSB had asked for information about had been sent by his partner, and he feels the bank had acted disproportionately by demanding excessive information about this third party. Mr T also feels TSB has deliberately delayed the process with multiple requests and failed to transparently respond to his questions.

During the course of our investigation, TSB decided to close Mr T's account and explained he can withdraw his funds in branch. I won't be commenting on the closure as part of my decision as this hasn't been raised as a complaint.

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've decided that TSB has acted fairly. I'll explain why.

TSB is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations when providing account services to customers. These obligations can broadly be summarised as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm.

To comply with its legal and regulatory obligations, financial businesses will review customer accounts, which can either be periodic, or event driven. Having looked at all the evidence and information in this case, I'm satisfied that TSB's reasons for review were in line with its obligations.

I understand Mr T's concern that he was asked for information by the bank multiple times,

and I can see from the correspondence between the parties that TSB had asked him to provide information to verify the source of funds for both his own and his partner's account. I appreciate that this would have been time-consuming for Mr T, and I note his concern about providing third-party information. But it's up to TSB to determine what information it requires as part of its review.

It's TSB responsibility to determine the processes it applies and information it requires as part of carrying out its regulatory obligations. It isn't within my remit to interfere with such processes. I can only reach a conclusion on whether I think the bank applied its process fairly. Based on the information I've seen, which includes the documents Mr T provided as part of the review and the questions the bank says remained unanswered – I'm satisfied TSB acted fairly by not lifting the account restriction.

I can see that Mr T did co-operate with TSB's process to start with and later refused to do so until TSB confirmed its legal basis for asking the questions it did. Mr T feels TSB failed to respond with transparency. However, I can see from its final response letter that the bank explained it was acting in line with its obligations, as set by anti-money laundering regulations, explaining why it had asked Mr T for evidence of the source of the relevant funds. So I'm satisfied TSB provided a reasonable explanation.

Moreover, TSB has provided me with additional information that I've accepted in confidence, which shares further reasons for the bank's actions. The description of that information is it is of a commercially sensitive nature, and I'm satisfied it shows TSB conducted its review fairly.

I acknowledge that the circumstances surrounding this complaint have changed during the course of this investigation – in that TSB has since closed Mr T's account and explained how he can access the funds. Nevertheless, I'm satisfied TSB conducted its review fairly, so I won't be asking the bank to carry out any further action in relation to this complaint.

My final decision

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 January 2026.

Abdul Ali
Ombudsman