

The complaint

Mr L is unhappy with how TSB Bank plc have handled the closure of his current account.

What happened

I issued my provisional decision to both parties explaining why I thought Mr L's complaint should be upheld in part and invited both parties to provide any further evidence and / or submissions in reply.

The background to this complaint was set out in my provisional decision together with my provisional findings which are both copied below and now form part of this final decision.

Background

Mr L opened his current account with TSB in 2005, and in 2020 he let TSB know he was living abroad.

In February 2025 TSB wrote to Mr L to give notice they were closing his current account and he would need to repay the outstanding overdraft balance of around £2,900. At the same time TSB gave notice to Mr L that his credit card account would be closed in two months and passed to TSB's collections department for him to repay the outstanding balance of around £3,800.

Mr L raised a complaint as the current account was an important link to the United Kingdom (UK) for him, and TSB had not properly explained their reasoning behind closing the current account or engaged with him about how he could repay the outstanding balance as he could not clear it within the notice period.

TSB said they had acted within the terms and conditions of Mr L's account by providing him with notice of closure, and explained that because the account was due to be closed they could not set up a payment plan. TSB said if the debt was not cleared then his account would move to recoveries and be reported as defaulted. And they told Mr L to contact their collections department about setting up a payment plan for his credit card.

Our Investigator concluded Mr L's complaint should not be upheld as they said TSB had acted within the terms and conditions of the current account, and it was likely that an internal review had prompted the decision to close Mr L's current account due to Mr L no longer being a UK resident.

Mr L strongly disagreed and said he had understood during a call the current account was closed due to security concerns and there was no mention of residency status. Mr L questioned whether his residency was really the problem given he had told TSB of his move abroad in 2020 and there had been no repercussions. Mr L said his current account had always been fully active.

Provisional findings

I've considered all the available evidence and arguments (including Mr L's telephone call with TSB in March 2025) to decide what's fair and reasonable in the circumstances of this complaint.

While TSB considered complaints about Mr L's current account and credit card, I understand Mr L's ongoing concern relates to the closure of his current account. For the avoidance of doubt, I have therefore not considered any concerns relating to Mr L's credit card.

I have only included a summary of what has happened above, and while I may not respond to every point each party has raised I have reviewed all the submissions available and focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.

To reach a fair and reasonable decision I have taken into account any relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I also add that it is not my role to fine or punish a firm, or to interfere with a firm's systems, processes or controls – these are all considerations for the appropriate regulator.

At the heart of this matter is whether TSB did anything wrong or acted unfairly in closing Mr L's current account.

TSB's current account terms and conditions, updated in February 2025, set out that to be eligible for a current account 'You must be resident in the UK. Your account must also be used in pounds'.

The terms and conditions also set out some of the reasons TSB may decide to close a customer's account, including if 'You move abroad (or have previously moved abroad)' explaining that two months' notice will be given in writing if that is the case.

TSB have produced the letter they sent to Mr L on 7 February 2025 issued to Mr L's address abroad explaining that after a review they were no longer able to offer Mr L a current account, and that his current account would be closed on 8 April 2025.

I understand Mr L's frustration with not having a current account in the UK is due to this being his only financial link to the UK, particularly important to him given he anticipates that at some point in the future he will return to the UK.

I've considered Mr L's concerns that TSB suggested they had decided not to provide him with a current account for security reasons, but there had also been reference to Mr L not being a UK resident. I realise Mr L has sought a clear reason for the closure of his current account, in order to see if it could be reinstated.

TSB have indicated to our service their intention for only offering UK residents current accounts is primarily for security reasons. I think this goes some way to explaining the reference to the closure reasons being given as security reasons and because Mr L is a non-UK resident.

It appears that following a review of Mr L's account TSB concluded they were no longer able to continue offering Mr L a current account and so they gave him the required notice that they would be closing the current account.

Under the terms and conditions of the current account TSB are entitled to end their relationship with Mr L, in the same way as Mr L is entitled to end his relationship with TSB if

he were to choose to do so. Mr L was provided with the requisite notice of someone whose current account was being closed due to living abroad or having previously moved abroad.

In the circumstances, I've therefore not seen enough to persuade me that TSB have done anything wrong or acted unfairly, as giving notice to close the current account was something they were entitled to do, and it formed part of their commercial decision making which is not something I can interfere with.

I've also considered Mr L's concerns with how TSB engaged with him about being able to put a payment plan in place to clear the outstanding overdraft.

Mr L has said he was unable to manage this through the app despite being told by TSB he would still have access to his current account through the app.

I've reviewed the two letters Mr L was sent on 7 February 2025 giving notice of closure for both his credit card and his current account. The letter relating to the credit card explained Mr L would continue to receive statements until the balance was paid off and the credit card account would remain viewable through internet banking whilst a balance remained on the account.

The letter relating to Mr L's current account did not say the same. This letter set out that the account would be closed on 8 April 2025, and that if the account was overdrawn that Mr L would need to make arrangements to repay the outstanding balance within two months. If that wasn't possible the letter set out that Mr L should take the letter to a TSB branch to discuss ways TSB could help.

TSB have said Mr L did not sign up to internet banking, so it seems Mr L had primarily been managing his accounts through the app. And as Mr L was living abroad – something TSB were clearly aware of – he was not in a position to go to a branch.

But based on the evidence and submissions so far, including having listened to the call between Mr L and TSB on 28 March 2025, I've not found anything to support Mr L was told he would still be able to access his current account through the app once it was closed. TSB state their records show the last time Mr L accessed the app was on 3 April 2025 which was prior to it being closed.

Having listened to the call on 28 March 2025, Mr L did ask how he would be able to clear the outstanding balance [on his current account] given it was not possible to clear within the notice period of two months. The TSB call handler did not have the answer for Mr L but offered to find out for him, however Mr L did not wish to remain for long on the call given he was phoning from abroad. The TSB call handler also did not offer any certainty that Mr L would be able to set up a plan online, rather they said 'if it is working' for Mr L.

On 9 April 2025 – the day after Mr L's current account was closed – he emailed TSB to state he had previously attempted to arrange a repayment plan via the app where he had been told a financial assessment would be conducted, but had since lost access to the app. Mr L acknowledged his responsibility to repay both the outstanding overdraft and the outstanding credit card balance and proposed an initial repayment of £50 per month to start, with a view to reviewing this as circumstances might later allow. Mr L requested TSB support him in establishing a clear pathway forward.

TSB have no collection records for Mr L's current account available and neither party have provided any evidence of Mr L's engagement with the app to attempt a repayment plan via that channel. Rather it appears TSB's reply to Mr L was set out in their final response to Mr L on 14 April 2025. In their final response TSB said as notice had been given to close Mr L's

current account, if the outstanding debt was not repaid, then he would be sent two regulatory letters, and if the debt continued to remain outstanding that the account would be reported as defaulted.

In relation to his credit card Mr L was told to contact TSB's collections department to discuss setting up a payment plan.

I recognise that an overdraft is repayable on demand, so TSB were entitled to request immediate repayment of the overdraft. However, I am also mindful of TSB's responsibilities to treat their customer fairly, with forbearance and due consideration.

It is not clear to me what has happened since Mr L's current account was closed, but I've not seen enough here to persuade me that TSB supported their customer in achieving his financial objective to find a way to repay the outstanding overdraft.

Overall I've not seen enough to persuade me that TSB did anything wrong or acted unfairly in making the decision to close Mr L's current account. However, taking into account what evidence and submissions I have at this time, I've not seen enough so far to support that TSB treated Mr L fairly given his attempt to engage with TSB about how to repay his outstanding overdraft and what his options might be. For this reason I uphold this part of Mr L's complaint and I think TSB should pay Mr L £100 to recognise the upset and inconvenience caused by this uncertainty.

Responses to my provisional decision

Mr L neither accepted nor rejected my provisional decision, rather he sought assurances that the consequences of what had happened would not leave him subject to latent detriment, and re-emphasised his concerns about being unable to access his accounts to deal with them during the notice period.

TSB strongly disagreed with the provisional decision, primarily because it had been made clear to Mr L how he could make payments to his accounts and because access to the app did not affect things.

In light of TSB's response I wrote separately to TSB setting out why I was not minded to depart from my provisional conclusions. In reply TSB provided some clarifications around their processes, and made further points as to why they did not think any compensation was due to Mr L, which I will reference where appropriate below.

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 considered the matter once more, together with all the additional submissions and points made by both parties, I have not seen enough to persuade me to change the outcome reached in my provisional decision as I'll explain.

I've already explained that I do not think TSB did anything wrong or acted unfairly when deciding to close Mr L's accounts, and I've not seen anything new to change my findings on this point.

I think it reasonable to say the crux of this matter now rests on what happened after Mr L was told his accounts would be closed and his opportunity to make arrangements to repay the outstanding overdraft (and balance on his credit card).

Mr L says TSB prevented him from being able to make payments to his accounts due to removing his online access, and because TSB did not engage with his attempts to put a payment plan in place.

TSB say Mr L was aware of how he could make payments to the accounts, and that their processes did not allow for them to arrange payment plans pending the closure of the accounts. Rather that Mr L would need to engage with their collections department.

TSB notified Mr L of the account closures via templated letters, which TSB have recently admitted are designed for customers in the UK, which is why customers are invited to go into a branch to discuss things. Mr L says due to the time taken for him to receive the letters this left him little time to make arrangements to take steps to manage the balances. Mr L says this was particularly unfair as he had not been led to believe there was any problem with him having the accounts even after he moved abroad.

I have noted part of TSB's reasoning as to why they should not pay Mr L any compensation includes that it was Mr L's choice to move abroad and fall foul of the terms and conditions requiring him to remain a UK resident. But I would remind TSB that Mr L made them aware that he had moved abroad when he changed his address in 2020, and this was later confirmed with TSB again in 2023. There is nothing to suggest TSB highlighted to Mr L on either of these occasions that this was a problem – at times his outstanding debts were lower.

I am not able to interfere with TSB's processes or commercial decision making, but I am mindful of their obligations to treat their customers fairly and those in financial difficulty with forbearance and due consideration.

In the circumstances, I think it is fair to say TSB were aware that Mr L was living abroad – it is the reasoning behind their decision to close his accounts. And so when Mr L contacted them to explain he had little time to sort anything out and would be unable to make the full payment to clear the overdraft, I think TSB could have – prior to the accounts closing – offered support by better managing his expectations that they could not arrange payment plans for him. I think it would be unfair to not acknowledge that Mr L reached out to TSB for help on what he should do.

TSB have, since my provisional decision, confirmed Mr L's current account overdraft balance was defaulted on 25 November 2025 with an outstanding balance of £3,009 and the credit card balance was defaulted on 13 October 2025 with an outstanding balance of £3,967. TSB also confirmed both accounts are with a debt collection agency.

The actions taken to report Mr L's accounts as defaulted to the credit reference agencies suggest Mr L either has not entered into payment plans with the debt collection agency and / or found the sum he proposed of £50 to go towards repaying both outstanding debts not enough to prevent the defaults from being reported.

In any event, the reporting of the two defaults does not form part of this complaint and Mr L can raise concerns about those separately. It may however help Mr L to know that the industry recognises that it is fair for firms to report an account as defaulted where the payment amount due has not been made on time for three months, and that this would typically be expected by the time an account has reached six months in arrears.

Overall, I don't think TSB did anything wrong or acted unfairly in closing Mr L's respective accounts, and I've not seen enough to be persuaded that Mr L was denied access to his TSB app prior to the accounts closing. But I do think Mr L reached out to TSB for support and there was an opportunity for TSB to have better considered Mr L's circumstances and

so I think £100 is fair to acknowledge this. I don't think TSB need to do any more than this as they let Mr L know in their response to the complaint, after the accounts were closed, who he needed to engage with about his accounts going forward and it was reasonably put in Mr L's hands to follow up on this.

Putting things right

TSB Bank plc must pay Mr L £100.

My final decision

For the reasons above, I uphold Mr L's complaint in part and TSB Bank Plc should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 March 2026.

Kristina Mathews
Ombudsman