

The complaint

Mr B complained about TSB Bank plc after it blocked his account and later accepted that it took four weeks longer than it should've done to unblock it. He says TSB's offer of £150 compensation didn't fairly reflect the significant distress, inconvenience, embarrassment and financial hardship caused by its actions.

What happened

On 18 August 2025, TSB was notified that Mr B was insolvent and in the process of entering into a legally binding voluntary debt agreement (a 'Trust Deed'). At the time, Mr B's account was overdrawn by a four-figure amount. In line with its procedures, TSB applied a block to the account, as the overdraft was expected to form part of the Trust Deed.

It's agreed that TSB should've removed the account block after it learned on 20 October 2025 that the Trust Deed was not progressing.

The account was not unblocked until 18 November 2025, around four weeks later.

TSB offered Mr B £150 compensation by way of apology, which he felt was insufficient.

The investigator concluded that £300 in total would more fairly reflect the impact of TSB's service failures, but no agreement was reached and so the complaint was referred to me. I issued a provisional decision that said:

'I've listened to call recordings of Mr B's conversations with TSB and my provisional decision is that TSB should pay Mr B more compensation than it has offered. I'll explain my reasons.

Mr B's Main Concerns

Mr B said:

- his account was unexpectedly blocked, resulting in four missed payments, having to rely on borrowing for everyday expenses, credit card issues and debt to friends and family.
- TSB staff repeatedly assured him the issue would be resolved by specific dates, but those assurances were not met.
- He spent a significant amount of time repeatedly contacting TSB, re-explaining the situation and chasing updates, which disrupted his work and personal life and affected his wellbeing.
- Overall, the blocked account, broken promises, financial strain, emotional distress and wasted time caused substantial financial, emotional and practical hardship.

The initial account block

I don't consider it unfair or unreasonable for TSB to have initially blocked the account when it was notified of Mr B's intention to enter a Trust Deed. TSB's business terms allow it to

apply account restrictions when there are legal reasons for it to do so. This was an appropriate and proportionate step to protect TSB's position.

I'm also satisfied that the block made little practical difference at that stage, as:

- Mr B was already at his overdraft limit and didn't have access to further borrowing on the account, and
- any direct debits had been cancelled some months earlier.

For these reasons, I don't find TSB acted unfairly when it initially restricted the account.

But TSB has acknowledged there were shortcomings in the service provided – and I agree.

The service provided by TSB

TSB accepts that it left the account block in place for around four weeks longer than it should've done, causing inconvenience. It explained that it considered £150 to be fair compensation because:

- Mr B did not contact TSB about the issue until 11 November, suggesting he may not have been aware of or concerned about it earlier.
- During that call, he was given correct advice to attend a branch.
- Once he complained, TSB issued its final response within three days and removed the block overnight.

Fair compensation

Compensation should fairly reflect the impact of TSB's service failings.

I'm sorry for how this situation left Mr B feeling. However, although he's referred to making multiple calls to TSB, the bank's records show three calls in total, with none before 11 November. On the balance of probabilities, and in the absence of evidence of any further phone calls, I must conclude that Mr B may have misremembered some details. But if Mr B would like me to consider this aspect further and he can provide evidence of further calls to TSB (from his own phone records for example), I invite him to do so.

And whilst I recognise what a worrying situation this was for Mr B, it's important to distinguish between:

- the anxiety and stress arising from Mr B's indebtedness and broader money problems, and
- the additional distress caused specifically by TSB's delay in removing the account block.

In doing so, I've taken into account that:

- Mr B didn't have significant funds available on the account, so the block was not the sole or main reason for his financial difficulties.
- Pre-authorised payments such as direct debits were already cancelled, so the block didn't affect these.

- Bank statements show that a number of payments into the account came from friends or family, both before and during the blocked period, indicating Mr B was already reliant on this type of borrowing. So I can't fairly say that the block was the main reason that Mr B needed to seek financial support from friends and family. And if he'd arranged for these payments to be made differently while the block was in place, this could've allowed him earlier access to the funds.

Nonetheless, I'm satisfied that TSB's four-week delay caused Mr B unnecessary and avoidable inconvenience and required him to spend time chasing the matter once he became aware of it. I've also noted that a few hundred pounds was paid into the account while it was blocked and withdrawn as soon as access was restored, suggesting he had an urgent need for those funds elsewhere.

Taking all this into consideration, I am satisfied that total compensation of £225 for distress and inconvenience is fair and reasonable in these particular circumstances. It's comparable to the amount we'd pay in similar circumstances and fair compensation for Mr B in his particular situation. It reflects the lengthy four-weeks' delay when there appears to have been no good reason why the block wasn't removed sooner and the fact it took Mr B a reasonable effort to sort out – keeping in mind that this only happened after he complained.

TSB has also offered to pay any expenses or charges Mr B incurred in connection with this matter, which is fair and reasonable. So if he had travel costs or parking fees attending a branch about this, or his calls to TSB were an additional expense and he'd like reimbursement, he should provide me with evidence of costs incurred (such as tickets, receipts, or a copy of his phone bill showing itemised calls to TSB) when he responds to my provisional decision. I will then be able to include this in my final decision.'

Both parties have confirmed that they accept my provisional decision. Mr B has also said that he doesn't have any further documents to send me. But he's highlighted the financial strain, time spent trying to resolve the issue, and the stress caused by repeated delays and lack of clear communication.

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 carefully reconsidered everything, taking into account Mr B's further comments. I've received no further information that changes the outcome and I am satisfied the compensation award I set out in my provisional decision still fairly reflects the impact on Mr B of TSB's below-par service. So, I've set out below what needs to happen next.

Putting things right

TSB should:

- pay Mr B £225 compensation in total for distress and inconvenience caused by its poor service.

TSB may deduct the £75 already paid (and any other amounts it has paid already) from this total.

My final decision

My final decision is that I uphold this complaint in part and TSB Bank plc should take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 May 2026.

Susan Webb
Ombudsman