

complaint

Mr S complains TSB Bank Plc blocked his current account without giving any notice and then closed it. He also complains about their customer service because he tried to make debt repayments but TSB wouldn't accept the payments.

background

Mr S told us TSB suddenly placed a block on his current account without any warning and later closed it without any notices being sent to him. This led to about 20 of his direct debits being cancelled or not being paid. He said this led to an overdraft on his account.

He added TSB unfairly demanded full repayment of the overdraft caused by the closure. And when he tried to agree a repayment plan and make some payments, TSB said it couldn't take any payments until the account was fully closed. He feels this was bad customer service and TSB lacked compassion in demanding full repayment. He added he didn't receive any letters about legal proceedings being started against him.

Mr S wants compensation for his distress and inconvenience in trying to sort out this matter and having to set up new direct debits. He wants TSB to explain why it blocked his account. And he wants it to agree an arrangement to make repayments.

TSB said his account was blocked in July 2015 and, in the same month, he was written to and given 60 days notice that his account would be closed. It advised him in the letter to make alternative arrangements for his direct debits and to find an alternative banking account. It said he should visit a local branch to discuss how he was going to repay the overdraft. It wrote to him again in October telling him the account would be closed at the end of the month. And in the same letter, it asked for full repayment of the overdraft debt.

TSB said it hadn't done anything wrong because it gave enough notice of the account closure. And it had acted within the account's terms and conditions which Mr S agreed to when he opened the account.

It accepted he couldn't make a debt repayment arrangement because of the block on the account. But he could've settled the overdraft in full at any time and it did invite Mr S again to settle the debt before legal proceedings were started. The account was finally closed in November. It said Mr S hadn't made any repayments to the debt since October. TSB sent the debt to a debt recovery agency in November.

Mr S complained to this Service. Our adjudicator thought the complaint shouldn't be upheld because TSB was acting according to its terms and conditions. And she thought Mr S probably was aware of the closure. Mr S disagreed with the adjudicator's view and asked for the matter to be looked at again.

my findings

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 not to uphold Mr S's complaint and I'll explain why.

why was Mr S's account blocked?

TSB told us it had taken its own commercial decision to block the account. And we know Mr S knew about the block when he tried to use his account. TSB hasn't given Mr S a full explanation why the account was blocked. And I don't think it has to because it's acting within its terms and conditions – which Mr S is likely to have agreed to when he opened the account. So I don't think TSB did anything wrong here.

did Mr S get enough notice about the account being closed?

I've seen the letter which TSB sent to Mr S in July telling him the account was blocked and was to be closed in 60 days. And TSB gave Mr S further notice in October that it would be closed by the end of that month. TSB said the letters were sent in line with its terms and conditions. Mr S said he didn't receive the letter about the legal proceedings – but I can see that all letters were sent to Mr S's current address – so I don't think TSB could've done any more here to make sure he got the letters.

I also saw that TSB can close an account if it gives a consumer 2 months' notice. And so Mr S should've been aware he had to make new direct debits and get another bank account from the letter in July. And as I think Mr S probably did get his 2 months' notice. So I don't think TSB did anything wrong here.

was it unfair for TSB to demand full repayment of the overdraft?

Again the terms and conditions of the account allow TSB to demand full repayment of an overdraft at any time. As these conditions would've been agreed by Mr S, I don't think TSB has done anything wrong here.

was TSB wrong not to agree a debt repayment plan?

I can see it was difficult for Mr S to make repayments to the TSB collections team because there was a block on the account. And TSB told us said the debt couldn't be cleared in this way. TSB's letters to Mr S said he could only settle the debt by paying cash or cheque into his local branch - I think that was clear. And Mr S says he could've done that to clear the balance but he didn't bother because he thought the payment would be refused. This suggests Mr S was able to pay the debt without the need for a repayment plan to be set up. So I don't think TSB did anything wrong here by not agreeing a debt repayment plan.

Taking everything into account, I don't think TSB has acted outside its account's terms and conditions. And I don't think it's made any errors, so I can't uphold Mr S's complaint.

my final decision

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 S to accept or reject my decision before 1 April 2016.

Amrit Mangra
ombudsman