

complaint

Mr L complains that TSB Bank plc removed funds from his account, closed the account and recorded an adverse marker with CIFAS.

background

Mr L's account received £400 by way of faster payment. TSB then received information from the remitter's bank which cast doubt over the integrity of the payment. In light of this, TSB asked Mr L to provide proof of entitlement to the funds that had been received. And as it didn't receive the requested information from Mr L it removed the funds from the account and arranged for the account to be closed.

TSB also recorded the marker with CIFAS but it later accepted that it had done so incorrectly. So it arranged to remove the information, effective immediately as of 4 January 2016, and sent Mr L a cheque for £300 as compensation for the distress and inconvenience which had been caused by its actions.

Mr L has attempted to open an account with two other banks but was unsuccessful both times. He believes that TSB's actions have affected his ability to open another account.

Our adjudicator considered that the bank had not acted inappropriately in responding to the remitting bank as it did and it was entitled to complete a review of Mr L's accounts and take the commercial decision to close them. She acknowledged that this has all caused upset and inconvenience for Mr L.

She agreed that the CIFAS marker should not have been applied but agreed that it was removed when the bank said it was. And while appreciating the frustration that Mr L felt at not being able to open another account, the adjudicator could not be certain why that was. She was not persuaded that this was as a result of TSB adding the CIFAS marker, given when it was removed.

Ultimately, however, the CIFAS marker had been added when it shouldn't have been, so the adjudicator agreed that compensation should have been paid. But she considered that the £300 paid was fair and reasonable.

Mr L has asked for his complaint to be reviewed. Mr L has now explained his understanding of the dispute that was raised over the true ownership of the funds, forwarded by the remitting bank. He has explained how he was an innocent party in that matter. He maintains that TSB acted prematurely in closing the account and it wasn't fair that it did so.

He remains convinced that other banks are declining his application for an account as a result of the CIFAS marker added by TSB. And he is being caused significant financial and reputational harm as a result of the actions of TSB.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I consider that TSB acted reasonably to the approach that it received from the bank that remitted the £400 to Mr L's account. I'm satisfied that it received information that it had to react to, its approach of contacting Mr L before it returned the funds was appropriate and I

can't say it acted unfairly towards Mr L in returning the funds given Mr L didn't adequately demonstrate ownership of the funds when he was asked to do so.

And having taken that action, I can't then say that the bank wasn't entitled to close Mr L's account. A bank is entitled to end its banking relationship with a customer by closing accounts they hold with it; just the same as a customer of a bank is entitled to decide to end the relationship themselves.

And while I have carefully read and taken account of all that Mr L has said about why it wasn't fair for it to close the account – and I note what Mr L has now said about the dispute over the funds – a bank isn't actually required to explain why it's closing an account. And I can't fairly and reasonably require a bank to provide banking services simply because a person is already a customer and wants to remain so.

Of course, a bank is expected to adopt procedures for closing accounts. And the bank has such procedures in place. But it also has legal and regulatory obligations to observe when administering accounts. And, here, I'm not aware that TSB failed to follow its own procedures and taking everything into account, I can't say RBS acted unfairly or unreasonably in how, or why, it closed Mr L's account.

As regards the impact of TSB closing the account and adding the CIFAS marker, it is already accepted it was not appropriate for the marker to have been added – that in itself will have caused Mr L upset and inconvenience when he needed to open a new account. However, I agree with the adjudicator that the marker was removed from 4 January 2016.

I therefore conclude that only limited impact was caused to Mr L by TSB and there is no basis to say that other banks have declined Mr L an account from that date, as a result of TSB's actions. And, therefore, I consider that the compensation offer made by the bank of £300 is appropriate in this matter.

In light of what I've said, I don't require the bank to pay more compensation to Mr L than the £300 already offered, or take any other action.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 April 2016.

Ray Neighbour
ombudsman