

The complaint

Mr P complains TSB Bank plc (“TSB”) closed his accounts causing him significant financial loss, distress, and inconvenience.

What happened

On 2 November 2022, TSB sent Mr P a letter informing him it was closing his account in two months’ time on 2 January 2023. Mr P lives abroad.

When Mr P discovered what TSB was looking to do, he complained. TSB sent Mr P its final response on 22 November 2022. In summary, the key points it made were:

- It hasn’t made a mistake in taking the actions it has. And as it doesn’t have an up-to-date telephone number for Mr P, its writing to him to explain what its done
- TSB’s Personal Account Review Unit carried out a review and took the decision to close the account and sent correspondence about this on 2 November 2022, giving 60 days’ notice
- But if Mr P contacts the review team as they need information from him, they will review this. TSB explained that as Mr P was abroad, he would need to call a specific telephone number during its UK business operating hours
- TSB set-out eight items for which it needed information for, ranging from Mr P’s tax residency, employment, source of funds for his overseas property and other questions about specific transactions

Mr P responded to this email and explained where he had received money for one of TSB’s questions. He also said he received income into his account from properties he rents, and he’s been doing this for many years. He also said one of his payees is his daughter. Mr P also explained that by having his account closed it would cost him severe inconvenience and costs given he’d need to travel to the UK to sort the matter out or open another bank account.

Unhappy with TSB’s responses, Mr P referred his complaint to this service. His accounts were closed in January 2023.

One of our Investigator’s then looked into Mr P’s complaint. They recommended his complaint wasn’t upheld. In short, their key findings were:

- TSBC acted in line with the terms of the account and followed its legal and regulatory obligations in doing so
- Having considered TSB’s reasons for closing the accounts, they found it had acted fairly and did so in line with the terms of the accounts

Mr P didn’t agree with what our Investigator said. He says he’s been a long-standing customer of TSB’s and its actions left him in a difficult position abroad.

As Mr P didn't agree, his complaint has now been passed to me to decide.

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 to not uphold this complaint. I know this will disappoint Mr P, so I'll explain why.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

I'd also add that as a regulated financial business, TSB must comply with extensive legal and regulatory obligations. These generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes KYC checks and/or Customer Due Diligence (CDD).

TSB has sent me two letters dated 19 August 2022, and 30 August 2022, which were sent to Mr P on a UK address. Both letters explained that to meet its legal and regulatory obligations TSB had to ensure it had the most up-to-date information about Mr P and his accounts.

TSB also explained it attempted to contact Mr P to clarify some details so that it doesn't fail to meet these obligations, and without this information it may lead to the closure of his accounts. A contact number was also made available for Mr P.

Mr P may argue he didn't receive these letters as he was living abroad. But TSB have sent me a copy of a 'change of address' form Mr P signed in June 2022. In that form he has listed the same UK address the two letters were sent to as his correspondence address. He did also say his new residential address was abroad.

But given Mr P said his correspondence address was the UK one two months before TSB's review, I'm satisfied TSB acted fairly in sending the letters there and it was reasonable for it to expect him to have received them as per his instructions.

When Mr P discovered his accounts were being closed, he complained. And TSB sent its response by email. In that response TSB explained in detail what information it required for its review. Mr P responded to this email and explained the difficult predicament TSB's actions placed him in. But importantly, he only partially gave TSB the information it required.

Mr P was made aware he needed to speak to TSB's 'Personal Account Review Unit' in the emailed final response, and it appears he failed to do this. So because of this, TSB didn't receive all the information it needed to satisfy its legal and regulatory obligations.

TSB is entitled to close an account just as a customer may close an account with it. But before TSB closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which TSB and Mr P had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice. So having looked at the information given to me by Mr P and TSB, I'm satisfied it was entitled to close the account in the way that it has done.

Mr P says this matter has caused him financial loss. He also says it has caused him trouble and upset. I do appreciate that this matter would've caused him some difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against TSB given I don't think it's done anything wrong, given it was attempting to meet its obligations.

So I'm not going to ask TSB to compensate Mr P for any financial loss, distress, and inconvenience this may have caused. Nor will I be directing TSB to re-open the accounts.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 December 2023.

Ketan Nagla
Ombudsman