

The complaint

O complains about TSB Bank plc's decision to close its business current account and savings account.

What happened

O held a business current account and a savings account with TSB. As part of the terms of the business current account, if O maintained a certain balance there were no regular charges.

On 25 January 2023 TSB wrote to O to explain it had taken the decision to close its accounts and gave 60 days' notice. TSB's letter explained it would close the accounts on 19 March 2023 and send a cheque with any remaining funds to O.

O's director, Mrs H, visited a TSB branch to ask why the decision had been taken but staff were unable to explain. Mrs H has told us staff in branch contacted the Business Department but were unable to get any more information concerning why TSB had taken the decision to close O's accounts. Mrs H went on to raise a complaint on O's behalf.

TSB issued a final response on 1 February 2023 but didn't agree it had made a mistake. TSB said it had followed the right process by giving 60 days' notice of its intention to close O's accounts and that its decision was taken in line with the terms and conditions. TSB agreed to extend the closure deadline to 30 April 2023 to allow O more time to make alternative banking arrangements but didn't uphold its complaint.

An investigator at this service looked at O's complaint. They thought TSB had acted in line with the relevant terms and conditions. The investigator said TSB wasn't obliged to give the reason behind its decision to close O's accounts and wasn't persuaded it had acted unfairly. As a result, the investigator didn't ask TSB to take any further action.

On O's behalf, Mrs H asked to appeal. Mrs H said TSB had failed to follow the Principles for Business, in particular six and seven, which require the bank to act in its customers' interests and treat them fairly as well as communicating in a way that is clear, fair and not misleading. Mrs H also pointed out O's new banking arrangements meant it was incurring monthly fees that hadn't been charged by TSB. As Mrs H asked to appeal O's case it's been passed to me to make a decision.

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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've

focused on what I think are the key issues. My approach is in line with the rules we operate under.

I understand Mrs H feels TSB's decision to end its banking relationship with O was unreasonable and that it's failed to fairly explain why. But looking at the relevant terms and conditions, they allow both parties to take the decision to close the accounts for various reasons. The terms set out some of the reasons TSB may choose to close an account but also say the decision can be made for any reason and that it's not obliged to explain why. So, on the face of it, I'm satisfied TSB has acted in line with the terms and conditions.

Mrs H has asked TSB to give a clearer explanation setting out why it took the decision to close O's accounts. And Mrs H says that TSB's decision fails to follow the Principles for Business which require it to treat its customers fairly, act in their interests and communicate in a clear and not misleading way. I want to assure Miss H that I've considered her comments on this point. I note the points Mrs H has raised, but I'm not persuaded that TSB's acted outside of the Principles for Business or failed to treat O fairly. Whilst the principles require TSB to pay due regard to its customers' interests and treat them fairly, that doesn't mean it wasn't allowed to review its ongoing banking relationship with O or take the decision to end it. In my view, giving sufficient notice to allow O to arrange new banking facilities was reasonable in the circumstances. I haven't been persuaded that TSB treated O unfairly.

I've looked at the way TSB communicated with O about its decision. I'm satisfied its correspondence clearly explained that TSB had taken the decision to close O's accounts and were not misleading or unfair.

TSB has explained it took the decision to end its banking relationship with O following a review of its accounts. I understand Mrs H wants a more detailed explanation, but I'm satisfied TSB is able to take that decision in line with its commercial discretion. And, as I've said above, I'm satisfied the decision was communicated to O in line with the relevant terms and conditions. I haven't been persuaded that TSB needs to provide further detail.

Mrs H has explained O's new banking arrangements come with a monthly fee and has asked for compensation for the loss. But as I haven't seen anything that shows TSB has made a mistake or treated O unfairly, I haven't found grounds to award compensation on the basis of fees it may pay for banking services going forward.

I'm very sorry to disappoint Mrs H but as I'm satisfied TSB has followed the relevant terms and conditions and haven't been persuaded it treated O unfairly I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 21 December 2023.

Marco Manente
Ombudsman