

## **The complaint**

Miss R complains TSB Bank plc blocked her account and decided to close it. Miss R would like compensation and the account to remain open.

## **What happened**

Miss R had an account with TSB. On 1 November 2021 Miss R wanted to withdraw cash in branch. TSB asked for proof of entitlement to funds paid into the account. The account was blocked pending the review.

Miss R said the information was provided and she was told she could attend branch to collect her money as the account was unblocked. When she went into branch Miss R was unable to collect her funds as the account remained blocked.

TSB notified Miss R on 9 November 2021. TSB said they were to close her account giving her one month's notice on 9 December 2021 and her overdraft would be payable at that point.

Miss R was unhappy with TSB

TSB agreed they had made mistakes in the information they had requested from Miss R and given to Miss R and paid her £100 compensation.

Miss R referred her complaint to our service.

TSB made an offer to resolve the complaint. They would waive Miss R's existing overdraft of £129.37 and pay Miss R an additional £50 in compensation. Miss R rejected the offer she wanted the account reinstated and more compensation.

Our adjudicator looked at the complaint. They said they thought the offer from TSB was fair and £279.37 was reasonable compensation for the issues Miss R had had to deal with.

Miss R rejected the view. She thought TSB clearing the overdraft was paying themselves not Miss R.

As there was no agreement the matter has come 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.

TSB requested proof of entitlement of funds in Miss R's account. They blocked Miss R's account whilst they carried out the review.

UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and

existing relationships. These obligations override all other obligations. I am satisfied TSB were complying with these obligations when they asked for the information about the source of funds and reviewed Miss R's account.

The terms and conditions of the account allow TSB to carry out these reviews and block payments and accounts whilst they are doing so. I'm satisfied that TSB didn't act unfairly when they carried out the review or asked Miss R for the information they needed.

TSB has accepted that they could have handled things better and originally paid Miss R £100 compensation. They have since put forward an offer of an extra £50 plus settling the existing overdraft of £129.37.

I agree that TSB could have handled things better, so I am going to limit myself to consider what is the fair and reasonable compensation to award Miss R in the circumstances of this complaint.

I note that Miss R's account was blocked from 1 November 2021 until 9 November 2021. During this time Miss R went through a lot of trouble calling TSB and trying to send them the information they required. Miss R had a wasted journey into branch when she thought she would be able to access the funds in her account, but contrary to the information she had been given it was still blocked.

I appreciate that all this effort took time and Miss R has said she had no money to pay for herself and her child's day to day living expenses. I know Miss R was very frustrated.

Miss R has said that the offer to pay off her overdraft is a benefit to TSB and not to her. I disagree. Miss R has already had the benefit of this money, but this is owed by her to TSB, and she would have to pay it back. Therefore, the offer to clear her overdraft is the same as being given £129.37 by TSB.

Having considered the circumstances which Miss R found herself in I am satisfied that £279.37 is a fair amount of compensation in the circumstances and I won't be awarding any more.

Miss R was told her account would close after 30 days on 9 November 2021. I can see from the file that Miss R had access to the account during that period and she was able to make alternative banking arrangements.

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

I've next looked at TSB's decision to close Miss R's account. Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account. The terms and conditions of Miss R's account say that TSB can close an account in certain circumstances immediately and with notice. TSB wrote to Miss R and gave her 30 days' notice that it intended to close her account. For TSB to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at the terms and all the evidence I'm satisfied TSB has applied the terms fairly. So, it was entitled to close the account and I can't say TSB treated Miss R unfairly. It follows I won't be asking them to reopen the account.

In summary, whilst I appreciate Miss R will be disappointed with my decision, I think the sum of £279.37 is fair compensation for the trouble and upset she has suffered.

**My final decision**

For the reasons stated above I uphold the complaint I direct TSB Bank plc to:

- pay Miss R £50 compensation
- clear Miss R's outstanding overdraft in the sum of £129.37

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 24 August 2023.

Esperanza Fuentes  
**Ombudsman**