

The complaint

R, a limited company complains that TSB Bank plc unfairly declined its application to open a business bank account.

R is represented in its complaint by a director of R, Mr K.

What happened

In mid-2023, R applied to open a business current account with TSB but TSB declined the application.

TSB said it considered R's application but that it didn't meet the bank's criteria. TSB also said it didn't share its criteria. After R complained, TSB looked at whether it could overturn the decision to decline but remained of the view it had not made a mistake.

Our investigator didn't uphold R's complaint. He said banks are entitled to choose which customers they want to accept and can apply their own criteria when doing so, as long as they comply with their obligation to treat all applications fairly.

Our investigator was satisfied TSB acted reasonably when it declined R's application. Our investigator said TSB is not required to give reasons why it won't provide banking services above saying R didn't meet its eligibility criteria.

Mr K disagrees with the investigation outcome and is critical of the way the investigator reached his decision. Mr K asks what criteria our investigator considered.

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 agree with the investigation outcome and will explain why.

It seems to me the crux of R's complaint is that TSB didn't give any reasons for declining the application other than saying R didn't meet its criteria. But a bank is not required to give a customer or potential customer the reasons for its decision not to provide a bank account. And the bank is under no obligation to elaborate further beyond advising that the applicant didn't meet its eligibility criteria.

As our investigator told Mr K, just as a customer can choose their bank, so a bank can choose its customers. Although the Financial Ombudsman Service won't usually interfere in a business's commercial discretion, I can still consider whether TSB exercised its discretion fairly.

TSB has provided an explanation of its reasoning behind its decision to decline R's application for a business bank account. Although I can't share this information with R as it is commercially sensitive, I'm persuaded that TSB assessed the application fairly.

I'm also satisfied that TSB acted fairly after R complained as it revisited its decision to decline the application. Having done so, TSB still chose not to offer R a bank account. Again, I don't think TSB's decision was unreasonable.

I am sorry to disappoint Mr K but I don't think TSB has done anything wrong. So, I won't ask TSB to do anything further in response to R's complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 15 April 2024.

Gemma Bowen
Ombudsman