

The complaint

Mr H, on behalf of S a limited company, complains that TSB Bank plc closed S's business account. He'd like S's account reopened and compensation for the impact.

What happened

Mr H is a director of S.

Mr H has been represented throughout the complaint. But, for ease I'll refer to all correspondence as though coming from Mr H himself.

On 20 March 2023 TSB phoned Mr H but he wasn't available to speak.

On 14 April 2023 TSB phoned Mr H to discuss S's bank account. TSB explained to Mr H that they'd need to take him through security, but Mr H said he wasn't comfortable with this and was concerned about the possibility of fraud. The advisor explained he could give Mr H a number to phone, their contact details are available on their website or he can send a letter to his address. Mr H asked for a letter to be sent.

On the same day the advisor sent a letter to Mr H which said TSB needed to speak to him by 21 April 2023. But Mr H didn't respond.

On 21 April 2023 TSB phoned Mr H and left a voicemail asking him to call them back to discuss S's account.

Mr H didn't make any contact with TSB and on 24 April 2023 they blocked S's account. On 28 April 2023 TSB sent a letter to Mr H informing him that S's account would be closed in 60 days.

Mr H complained to TSB about their decision to close S's account. But TSB reviewed their decision and felt they'd acted fairly in issuing the 60 day notice to close.

On 29 June 2023 TSB sent Mr H a letter enclosing a cheque with the closing balance of S's account.

Mr H wasn't happy so complained to our service. Mr H explained that TSB didn't make it clear on the phone that S's account would be closed and he'd tried to contact TSB several times prior to 28 April 2024 but wasn't able to get through. He also advised that he hadn't been able to obtain S's funds. In summary he said he'd like TSB to reinstate S's account, provide an explanation for their actions including terms and conditions and policies followed and pay compensation for the financial impact – including loss of trade and inconvenience caused.

One of our Investigators looked into S's complaint. They empathised with Mr H's position, but thought TSB's actions in closing S's account were fair.

Mr H didn't agree. And raised a number of points:

- He contacted TSB several times before 28 April 2023 but wasn't able to get through
- He wasn't made aware that S's account would be closed if he didn't make contact – if TSB had made him aware, he would have immediately contacted them to resolve any KYC concerns.
- He hasn't been able to find the letter sent by TSB on 14 April 2023. Was this sent by recorded delivery?
- He believes it's unfair for a bank to close an account without first making a customer aware that a failure to respond would lead to this. TSB should have made it clear to him that S's account would be closed without a response. And they should have also provided him with a reasonable period of time to respond.
- TSB continue to hold S's funds of just over £157,000 – he'd like them either sent to his Solicitor or released to shareholders

As Mr H didn't agree it's 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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr H and TSB have said before reaching my decision.

TSB made its submission in confidence. Our rules permit this; it's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it.

Here, the information (and its source) is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether TSB has treated S fairly. So I'm persuaded I should take it into account when deciding the outcome of the complaint.

TSB are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to complete reviews to ensure they keep their due diligence checks updated at all times.

As part of their review TSB tried to contact Mr H several times to ask him questions about S's account. TSB phoned on 20 March 2023, 14 April 2023 and 21 April 2023. I've listened to the call between Mr H and TSB On 14 April 2023. During this call TSB spoke with Mr H, but Mr H advised he didn't want to share security information over the phone due to the fraud risk. I understand Mr H's concerns – and I'm pleased to see that TSB also did, by asking whether he'd like to call them back via a number they could provide, or a number from their website. Or as a third option TSB could send him a letter which he'd need to

respond to. Which is what Mr H agreed to.

I've seen evidence that a letter was sent to Mr H on 14 April 2023 asking him to get in touch by 21 April 2023. Mr H has argued that because of the importance of the letter it should have been sent by recorded delivery – but I'm afraid that's not something I'd expect TSB to do. Mr H was expecting a letter to be sent *and* he'd been told by the advisor on the phone that he could contact TSB by the phone number on their website.

TSB then phoned Mr H again on 21 April 2023. Unfortunately, Mr H didn't take the call – and they left a voicemail asking him to call back to discuss S's account. TSB then blocked S's account on 24 April 2023 – and decided to close it on 28 April 2023. Mr H is right that TSB weren't explicit in saying that any failure to contact them would lead to S's account being closed, but there's nothing in the regulations that say they need to. The letter sent to S on 14 April 2023 said, '*as this is important can you please contact ... no later than 21 April 2023*'. Looking at both the letter and the number of calls made to Mr H I think it should have been clear to him that it was important he contacted TSB to answer their questions.

Mr H has also raised concerns with the amount of time he was given to respond. I've thought about his argument here, but I'm satisfied he was given sufficient time to engage. TSB first tried to contact him on 20 March 2023, and they didn't issue a notice to close until 28 April 2023 – over a month later. As I've already outlined TSB have numerous regulations and legal obligations to comply with and if they are unable to complete their enhanced due diligence in a timely manner I can't say it's unfair for them to decide to end their relationship with a customer. I'm satisfied by giving S 60 days' notice TSB complied with their terms and conditions when closing S's account.

I'd also add that Mr H spoke with TSB on 14 April 2023 – so he was aware of the need to provide additional information. But failed to do so. Mr H argues that he *did* try to contact TSB prior to 28 April 2023 but wasn't able to get through to an advisor. TSB have shared that they don't have any records of phone calls made by Mr H. And even if they did, I'm afraid I'd likely conclude without answers to their questions TSB acted fairly in deciding to end their relationship with S.

Mr H has argued that by not sharing the reasons for their closure decision TSB haven't shown that they didn't unlawfully discriminate against S. I'd like to reassure Mr H that I've seen TSB's reasons for deciding to close S's account. And having done so I'm satisfied they acted fairly and reasonably when doing so. I appreciate he'd like to be in possession of this, but TSB aren't under any obligation to share their reasons.

Mr H has raised several FCA principles which he doesn't believe TSB have complied with:

Principle 1: A firm must conduct its business with integrity.

Principle 2: A firm must conduct its business with due skill, care and diligence.

Principle 6: A firm must pay due regard to the interests of its customers and treat them fairly.

Principle 7: A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

I've considered these principles, and the actions TSB carried out. Having done so I can't agree with Mr H's assessment. I'm satisfied TSB complied with all of the FCA principles listed above

I'm aware that Mr H has experienced difficulty in obtaining S's funds after the closure of S's account. And he's asked for 8% interest for the time S has been without them. I can see that a letter was sent to Mr H on 29 June 2023 with a cheque enclosed for the remaining balance. Mr H has argued that he hasn't been able to cash this because S haven't opened another business account. And he's proposed two alternative solutions for TSB to be able to pay out the funds. But TSB hasn't found either of these suitable. I can't say this is an unreasonable position to take. The funds in S's account on closure belong to S – I'm aware that S have tried to open one business account with a separate bank, and weren't successful. But being refused an account with one business doesn't persuade me that S isn't able to open a new business account to deposit the funds. If this is the case, and S are able to share suitable evidence with TSB I'd expect them to find a solution. But, from the evidence I've seen so far I can't say issuing a cheque to S is unreasonable.

Mr H has argued that S has experienced indirect losses including reputational damage and inability to obtain credit, direct losses including interest on the funds held in S's account and non-financial loss in the form of the distress and inconvenience caused to Mr H in not being able to access S's account and trying to obtain new banking facilities. I realise this will disappoint Mr H, but I won't be making an award for any of the losses – I say that because I haven't concluded TSB acted unfairly in the actions they took.

For the reasons I've outlined above I won't be asking TSB to do anything further here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 26 July 2024.

Jeff Burch
Ombudsman