

The complaint

Mr A is unhappy that TSB Bank plc won't pay him the balance of an account shown in a rediscovered passbook.

What happened

Mr A recently came across an old passbook for an account he held with Lloyds TSB. The last transaction recorded in the passbook is dated 2 October 2000 and the credit balance in the account was £738.33.

In 2013 Lloyds and TSB become separate entities. So, Mr A approached both banks asking them to trace the account. He says that while he recalls the banks separating, he doesn't recall closing the account.

TSB said that it had no record of an account with the account number and sort code Mr A had provided from the passbook. It suggested he should contact Lloyds directly. While Mr A did contact Lloyds (details of which have been dealt with under a separate complaint with this service), Mr A also referred this complaint to us.

When responding to this service's enquiries, TSB said that when Lloyds TSB split in 2013 only open Lloyds TSB accounts were transferred to it. And while it has records of a joint current account which Mr A is party to, it has no record of the passbook account.

One of our investigator's looked into the complaint. But ultimately, he said he couldn't rely on the existence of a passbook alone to say that the account still existed. He was satisfied that TSB had carried out appropriate searches but couldn't find the account and he concluded that it had been closed.

Mr A didn't agree with his decision. He said – in summary, that it couldn't be ruled out that his account had become dormant and moved to a reclaim fund. And he asked for the complaint to be passed to an ombudsman. So, the case has been passed to me.

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.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

Mr A has raised several points in response to the investigator's findings. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made but to consider the crux of the complaint.

Having done so, I have come to the same overall conclusion as the investigator – although I will provide some further details. I realise that Mr A will be disappointed with my decision, so I'll explain why.

Mr A's passbook doesn't say the account was closed or the money withdrawn, so I can see why he thinks TSB has the money. But by 2000 computerised records had been introduced and passbooks ceased to be the primary record of an account.

So, while some customers may have opted to continue to use their passbooks, they weren't obliged to, and many didn't. So, as this investigator has explained, it doesn't automatically follow that because Mr A's passbook shows a credit balance in 2000 it means a credit balance exists now.

But when a customer finds an old passbook and doesn't recall what happened to the account, I would expect TSB to carry out searches to find out what it can about what happened to the account. However, such searches have limitations as banks aren't generally required to keep records of closed accounts for more than six years.

In this case, I'm satisfied that TSB has done what it can to trace Mr A's passbook account. It has explained to this service that, when it became a bank in its own right in 2013, only open accounts were transferred to it. And it has provided evidence of the searches it has carried out in Mr A's name and for the sort code and account number provided. This shows that Mr A has an active joint account with TSB – and Mr A has confirmed that this account was opened in 1988 and migrated to TSB.

So, if Mr A's passbook was still open in 2013, I think its most likely it would have migrated to TSB like his joint current account did. But TSB's searches haven't yielded any evidence of any other account in Mr A's name. On balance – I think its most likely that if the passbook account was still open - or even if had been made dormant, TSBs searches to have found some record of the account.

Mr A has said it can't be ruled out that the funds were transferred to a reclaim fund. But funds can only be transferred to a reclaim fund if the bank or building society has made extensive efforts to trace and contact the account holder and no response has been received.

As Mr A lives in the UK and more importantly has an active account with TSB, I think it's more likely than not that if TSB held any dormant funds, it would have been able to trace and contact him. And I haven't seen any evidence to suggest TSB was required to trace Mr A, so I'm not persuaded that Mr A's account balance was made dormant or passed to a reclaim fund.

I understand Mr A doesn't recall closing the account or withdrawing the money. But more than 20 years have passed since the last transaction in the passbook, so I think it's most likely that Mr A has simply forgotten that he withdrew the money or transferred it elsewhere and the account was closed.

I know Mr A will be disappointed as he would like to know for certain what happened to the account balance. But given everything I've said above, I can't fairly instruct TSB to pay Mr A the balance that's showing in the passbook.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 December 2024.

Sandra Greene
Ombudsman