

The complaint

Ms W is complaining that she wasn't aware her credit card account with TSB Bank plc (TSB) remained open following her report of fraudulent transactions.

What happened

In May 2020 Ms W called TSB to report fraudulent transactions on her credit card account. TSB arranged for the card to be blocked and for the fraudulent transactions to be refunded.

Ms W didn't receive a replacement card from TSB. She said she assumed the account had been closed. But around November 2022 she realised the account was still open. She called TSB to ask for a replacement card, but she was told that due to inactivity TSB were unable to issue a replacement.

Ms W complained to TSB. TSB closed Ms W's account and sent her their final response letter. Ms W then referred her complaint to our service. She said, in summary:

- She assumed the credit card account had been closed when she didn't receive a replacement card;
- The account should have been closed, or a new card should have been issued at the time;
- She has concerns about the security of her account, as she wasn't aware it was still open; and
- She's concerned her credit rating may have been affected by the account still being open.

Our investigator didn't uphold Ms W's complaint. He didn't think TSB had given Ms W incorrect information about her account being closed.

Ms W didn't agree, so her complaint was passed to me for review and a decision.

I issued my provisional decision on 29 September 2023. This is what I said then.

There are only limited notes about the phone conversation that took place when Ms W reported the fraud, and no recording of the call is available. I asked Ms W for some information about what was said in the call; specifically, whether she asked for the account to be closed.

Ms W replied with some notes she found, which she says she made around the time of the call - which say the card was immediately blocked and the account closed. She says these notes show the account would be closed at the time. And when she realised the account was still open, she assumed she'd mis-remembered what had happened at the time of the call.

From what I've seen, I don't think Ms W has a clear recollection of whether she asked for the

account to be closed during the call when she reported the fraudulent transactions. She's said that she assumed the account had been closed - rather than that she specifically asked for the account to be closed or that TSB told her it was going to be closed. And while the notes she's found do support her position that she thought the account would be closed, I don't think this is enough for me to conclude that TSB told her the account would be closed during the call – especially in the absence of any other testimony about the conversation that took place then. Taking everything into account, I don't think TSB gave Ms W incorrect information about the account being closed.

It's not TSB's process to automatically close accounts after a report of fraud, and Ms W's own account of the conversation doesn't specifically say that she asked for the account to be closed or that TSB told her it would be. So, I don't think TSB have done anything wrong by not closing Ms W's account in May 2020.

Having asked TSB about their usual process in these circumstances, I think it's possible something did go wrong here with the replacement card. I say this because TSB has explained that their usual process when a fraud is reported is for a replacement card to be issued. They can't explain why this didn't happen here, and there are no notes from the time to explain why a replacement card wasn't sent out.

So, I think it's possible TSB made an error by not issuing a replacement card at that time – which if sent out may have prompted Ms W to check whether the account had actually been closed. However, I do also think that if Ms W had concerns about the security of the account at the time, she would have double checked that it had been closed rather than assume it had been.

Ms W says she doesn't think TSB should have allowed her account to remain open and unused as it posed a security risk. I can understand why she'd be concerned about her account being open and inactive. But I think it's really for a business to decide if or when they take steps to close credit card accounts that aren't being used regularly.

In any case, I can see there were no further fraudulent transactions during the period the account was open but inactive, and there's no other indication that the security of the account was compromised during this time. And I've not seen anything from Ms W to show her credit rating has been affected by the account remaining open with a nil balance. So even if I had concluded TSB should have closed her account sooner, I don't think there's been any impact on Ms W as a result of the account remaining open, that would warrant compensation.

Ms W's also mentioned TSB's fraud protection policy – the particular part she's referred to is set out on their website, in the section 'How we protect you'.

It says the following:

"If you don't log into your Internet Banking for more than 12 months, we'll disable the account."

As a result, Ms W thinks her credit card account should have been closed due to the lack of activity between 2020 and 2022. But I think the policy she's quoted here relates specifically to accounts set up to access TSB's internet banking service. So, it doesn't apply to her credit card account.

I'm sorry to disappoint Ms W. But I don't think TSB have treated her unfairly here. So – subject to any responses to my provisional decision - I'm not going to ask them to do anything else.

TSB replied to my provisional decision to say they had nothing to add.

Ms W replied with a number of points. I've summarised these below.

- During the call in May 2020 the card was blocked, the account was closed and the charges refunded. This wasn't an assumption – it was noted on the arrears letter at the time and is a clear reference;
- She received a statement in July 2020 showing the refund of the fraudulent transactions but didn't receive any further statements which reinforced the idea the account was closed;
- When she contacted TSB in November 2022 they couldn't offer an explanation for why she hadn't been sent a replacement card or why the account hadn't been closed;
- It's frustrating that TSB wouldn't then issue a replacement card given the error was on their part;
- It's problematic that TSB couldn't find a recording of the call from May 2020;
- The onus should not be on Ms W, as a customer, to ensure a bank follows its own process and procedures;
- It's fortunate no further fraudulent activity occurred;
- The fraud policy she's highlighted also applies to credit cards and debit cards; and
- TSB failed to protect her account and she's provided dates and documents to show they didn't follow due process.

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'm not upholding Ms W's complaint. I'll explain why.

In her response to my provisional decision Ms W said that there was no assumption the account had been closed. But when she brought the complaint to us, she said that TSB had failed to address her assumption that no new card meant the account had been closed. And in her call with TSB raising the complaint she said she thought the account had been closed because she didn't receive a new card. I still think it's more likely than not that Ms W assumed the account would be closed, rather than TSB told her it would be.

As Ms W says, she did receive a statement in July 2020 which showed the transactions had been refunded. This statement didn't give any indication that the account had been closed, and also showed there was still an active credit limit on the account. TSB didn't continue to send monthly statements as the account had a zero balance, which is in line with their general credit card conditions. However, they did send Ms W an annual statement in October 2020 which also showed how much was available to spend on her credit card. I don't think TSB have made an error by not continuing to send monthly statements - and I

think the statements they *did* send after the call of May 2020 showed that Ms W's account remained open, rather than the opposite.

I've not found that TSB didn't follow their processes and procedures in not closing Ms W's account after she reported the fraud and her card was cancelled. I've explained in my provisional decision that it's not TSB's policy to automatically close a credit card account after a fraud's been reported. And I've also explained that it's for a business to decide when and if they close a credit card account that's not being used in these circumstances. TSB have confirmed that they don't have a separate policy for closing inactive credit card accounts as it's a decision they make on a case-by-case basis. So, I don't agree with Ms W that TSB haven't followed their own procedures here.

Ms W's said that the 'How we protect you' policy she's referred to applies to credit and debit card accounts. And it does in the sense that it's a general policy which explains the measures TSB takes to protect their customers' personal details. But the section about disabling an account after 12 months, which is the basis for Ms W's assertion that her credit card account should have been closed after 12 months of inactivity, doesn't apply to credit card accounts.

This section called '*Use it or Lose it*' says:

"If you don't log into your Internet Banking for more than 12 months, we'll disable the account."

As I've explained in my provisional decision, this refers to internet banking accounts – so, accounts set up by a customer so they can use the internet banking service. I think it's clear in the clause itself that this is what it relates to.

It's certainly unfortunate that TSB can't supply the call of May 2020. It's for businesses to decide how long they retain recordings of calls for, in conjunction with the regulations around this. But as the call took place over two years before Ms W brought her complaint, I don't think it's unreasonable that TSB aren't now able to supply a copy of the recording.

I do appreciate that Ms W thought the account was closed and I understand how not receiving a replacement card would have reinforced her belief that it was. But I don't think this was due to TSB giving her incorrect information about it being closed. In any event, I've already explained that from what I've seen I don't think she's been negatively impacted by the account remaining open - because there was no further fraudulent activity on the account. And as it seems she intended to close the account in May 2020 rather than continue to use it, I don't think TSB not issuing a replacement card in November 2022 has caused her inconvenience through not being able to use the account.

I'm sorry to disappoint Ms W. But I'm not going to ask TSB to do anything else here.

My final decision

My final decision is that I'm not upholding Ms W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 14 December 2023.

Helen Sutcliffe
Ombudsman