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# FAQs

# TSB Bank plc Final Notice



## FAQ: TSB Bank plc Final Notice

### What happened?

The Financial Conduct Authority (FCA) issued a Final Notice to TSB Bank plc on 9 October 2024, imposing a financial penalty of £10,910,500.

### Why was TSB fined?

TSB was fined for breaching Principles 3 and 6 of the FCA's Principles for Businesses. These principles require firms to act in an organised and responsible way, with adequate risk management systems, and to pay due regard to the interests of their customers and treat them fairly. The breaches relate to TSB's handling of retail customers who were in arrears or experiencing financial difficulties between June 2014 and March 2020.

### What specific failings did the FCA identify?

The FCA's investigation, supported by a Skilled Person's report, revealed systemic weaknesses in TSB's collections and recoveries systems and controls. Key failings included:

- 🕒 **Inadequate assessment of customer circumstances:** TSB staff often failed to thoroughly assess customers' financial situations, including their income and expenditure. This resulted in unaffordable repayment plans being set and a failure to identify and adequately support vulnerable customers.
- 🕒 **Insufficient forbearance options:** TSB did not consistently offer appropriate and tailored forbearance options to customers struggling with repayments.
- 🕒 **Errors and poor communication:** TSB's systems and processes resulted in errors in customer accounts, including the misapplication of payments. Communication with customers was often poor, leading to delays and inappropriate contact during hold periods.
- 🕒 **Lack of staff training and guidance:** TSB did not provide adequate training to staff on key areas like affordability assessments, identifying vulnerability, and offering forbearance.

### How many customers were affected?

The FCA identified 232,849 customers who suffered or were at risk of suffering loss due to TSB's failings. TSB has paid £99.9 million in redress to these customers.

### What actions did TSB take to address these failings?

TSB cooperated fully with the FCA's investigation and accepted the Skilled Person's findings. The bank has undertaken a comprehensive remediation programme to address the identified failings. This includes:

- 🕒 **Redress payments:** TSB has paid redress to affected customers, refunding fees and charges totalling £69,551,883.88, including compensatory interest.
- 🕒 **System and control improvements:** TSB has invested significantly in improving its systems and controls to ensure fair treatment of customers in arrears.
- 🕒 **Enhanced staff training:** TSB has implemented improved training programmes to equip staff with the necessary skills and knowledge to handle customers in financial difficulty appropriately.

### Why did the FCA impose a financial penalty?

The FCA imposed a financial penalty to deter TSB and other firms from committing similar breaches. The penalty reflects the seriousness of the breaches, including the harm caused to customers, many of whom were vulnerable.

### What is the FCA doing to protect customers in financial difficulty?

The FCA is committed to ensuring that firms treat customers in financial difficulty fairly. The regulator has taken a number of steps to achieve this, including:

- 🕒 **Setting clear rules and guidance:** The FCA has published detailed rules and guidance for firms on handling customers in arrears, including requirements to assess affordability and offer appropriate forbearance.
- 🕒 **Supervisory work:** The FCA actively supervises firms to ensure they are complying with the rules and treating customers fairly.

**🔗 Enforcement action:** The FCA takes enforcement action against firms that breach its rules, including imposing financial penalties and requiring firms to remediate customers.

### **How can I contact the FCA if I have concerns?**

You can contact the FCA if you have concerns about the way a firm is treating you, including if you are experiencing financial difficulty. You can find contact details on the FCA website: [www.fca.org.uk](http://www.fca.org.uk).

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