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29th April 2025

Dame Meg Hillier MP
Chair of the Treasury Committee
House of Commons
SW1A 0AA

Via email

Dear Dame Meg,

Thank you for your letter of 8 April regarding the IT incident which took place on Friday 28 February 2025.

We want to offer TSB customers the best possible customer experience in whichever way they choose to bank with us, so I regret the inconvenience and frustration experienced by them when we fall short of their expectations, as we did on 28 February. However, I want to assure you that preventing issues like this arising is a significant focus of our work. If things do go wrong, we work to rectify problems as quickly as possible and, when that's done, we take time to understand the causes in order to prevent future incidents.

We have made significant investments to TSB's technology systems in recent years, resulting in an improved and more reliable experience for our customers. In 2024 alone, the bank invested £23m in improving the resilience of our systems, a significant increase on the £15m invested in 2023.

To give further details of this commitment, I have responded to each of your questions in turn.

1. **Please can you outline the failure that occurred, what caused it and how it affected your customers? In your description, please can you provide a timeline of events, and a description of the failure by channel (i.e. app, web, branch, ATM, cards, etc). Please can you also note when all system failures were rectified?**

On Friday 28 February, just after 7am, TSB experienced an issue with our digital services, affecting mobile, web and interactive telephone banking channels. Approximately 30% of customer log-in attempts were unsuccessful, delaying some customers from accessing their accounts. Our investigations have concluded that the root cause of the incident was an issue with a database on what was a busy day for digital banking.

Action was taken to restart impacted services at both of TSB's data centres just after 8am. Within three hours, our services had begun to stabilise before returning to a normal level of service at 2pm.

Although the incident meant that customers experienced intermittent issues with our digital services, they could still use their debit cards to make payments in stores and online, as well as to withdraw cash from ATMs. We were also able to serve customers throughout the incident through our telephone, online conversational banking and branch teams, which helped to mitigate the customer impacts. However, the increased volume of calls caused by the disruption meant that customers did experience longer wait times than usual before they could speak to us. Following instigation of our incident management process, we issued communications and guidance to our colleagues, ensuring they had the information they needed to help customers experiencing problems accessing online systems. Throughout the morning, customer updates were shared on the 'service status' page of our website and across our social media channels. We also shared updates with regulators to ensure transparency of the impact and recovery.

2. **Please can you provide an outline of how you intend to prevent such a failure happening again?**

Following detection of the digital service disruption on 28 February, we have undertaken a post-incident review process. This includes a thorough root-cause analysis and integrating the lessons learned into our operational resilience framework to reduce the occurrence of future incidents. More specifically on the 28 February issue, we have since implemented long-term actions to permanently fix this specific database.

3. **Please can you provide an overview of how your Board responded to the outage?**

For significant incidents impacting customers or colleagues we invoke our business incident management process co-ordinating resource across the business. We classify these business incidents as 'Bronze', 'Silver' or 'Gold' level (with 'Bronze' being the least severe and 'Gold' being the most). The classification is based on a range of factors such as the number of affected customers and how long it will take to fix the issue. The incident on 28 February was classified as 'Bronze' and therefore the TSB executive team, including our Chief Executive Officer, Chief Information Officer and Chief Customer Officer, were briefed shortly after our incident protocols were invoked at 8:30am and were kept updated throughout the day on the impacts and the steps being taken to resolve the issue.

As part of our governance framework, the TSB Board receives regular reports on both service resilience, in line with UK regulations, and operational performance through risk appetite metrics, such as tracking incidents with a common root cause. An update was provided to the Board at their meeting in March and covered the impact that the incident had had across a range of different areas within TSB, such as call volumes and complaints. TSB's Board Technology Strategy Committee acts as a further layer of oversight and is responsible for providing guidance, challenge and advice to the Board on TSB's strategy for technology.

4. **Please can you provide an estimate of the number of customers affected by your most recent outage (including as a proportion of your total customers), including an estimate of the number of vulnerable customers affected?**

TSB has around 1.9 million customers who use digital banking services on their smartphone, and 450,000 customers who use internet banking services on a home computer. We estimate, based on failure rates seen through the duration of the incident, that up to 250,000 customers may have been affected. This impact would have seen customers needing to refresh the application or website to restore the connection. Additionally, some customers faced difficulty applying for new products during the time of the incident due to the intermittent issues. As noted in the answer to question 1, during the incident customers could still use their cards to make payments in stores and online and were able to make cash withdrawals, and TSB supported customers through other channels (e.g. telephone banking).

All of our frontline colleagues undertake specialist training - based on real customer situations – to help them provide tailored support to our vulnerable customers. Of the complaints received, 74 were from vulnerable customers (16% of total complaints).

5. **Can you explain how TSB is managing customer complaints following this incident, including whether you are being proactive in contacting customers who may have suffered, or whether you are entirely relying on complaints being reported to you?**

We took a reactive approach to complaints as the issues being experienced by some of our customers were intermittent, we were able to support customers through other (non-digital) channels and payments and withdrawals could still be made. We received a total of 464 customer complaints about this incident. These were dealt with at first point of contact or by our customer relations team, who resolved the vast majority within three days through direct contact with customers. More complex issues, for example where we might need a customer to provide additional information about how they were affected, were fully investigated and remediated to ensure a good customer outcome.

6. **Please can you provide your estimate of the amount of compensation TSB expects to pay out, given the potential costs your customers faced, and your expected timeline on the provision of that compensation?**

Following this incident, we have paid out £12,439 in complaint redress to customers. This has been paid as part of the complaint resolution, with the majority resolved within three days or less. Any complex cases were escalated for further investigation to ensure they are resolved in line with our regulatory requirements.

7. **Please can you provide the Committee with how your customer services response times changed over the period of the failure and in the period directly after, and the resources you have put in place to meet customer queries over the period and in the period directly after?**

Our average response times on Friday 28 February increased, with branches, telephone and online chat volumes rising, and with customers experiencing long wait times. Average wait times in our contact centre were approximately 14 minutes compared to 6 minutes on a typical last working day of the month. Demand for our conversational banking channel on the Friday was twice the typical level.

We took action to maximise the resources available to meet customer queries in our telephone banking teams by postponing non-customer activities, using trained colleagues within our branch network to take calls and allocating the overall resource to support the highest demand customer service lines. We also worked with our third-party resource supplier to ensure they could allocate their maximum available resource.

8. **Please can you provide the Committee with an overview of your expected increase in fraudulent transactions over this period, how you have mitigated the risk of such transactions, and how you are helping customers who may have suffered due to fraud over the period?**

We saw no increase in fraud rates as a result of the incident on 28 February. TSB continued to support customers reporting a fraud by telephone and in branch throughout the day.

9. **This IT failure occurred towards the very end of the month. Are there key times, within an average month, when systems are more likely to fail?**

System failures are not confined to specific times of the month. We continuously monitor and manage IT systems to prevent failures. Whenever we have issues, we are committed to finding the root cause and restoring service to our customers, as soon as possible, through our incident management process. When looking at the 11 incidents over the past 2 years (question 10), there are no trends in terms of time in the month, or in terms of root-cause recurrence, with each incident being different in its nature.

10. **Please can you provide the Committee with an overview of the number of instances and amount of time in total (in hours) TSB's services have been unavailable to your UK customers due to IT failure over the last two years, by Channel (i.e. app, web, branch, ATM, cards, etc)?**

As set out in the answer to question 3, we evaluate incidents based on their potential impact and the urgency required for resolution. This process ensures that the appropriate teams are engaged promptly to minimise any potential customer or colleague impact. During the incident, if impact volumes are known, this may trigger a notification to our regulators including *via* the Payment Services Directive 2 (PSD2) notification process.

TSB notifies the UK regulators of any major incidents. More specifically, incidents impacting customer payment-related events are required to be notified as part of the PSD2 Regulations. While our incident on 28 February did not meet this criterion, we have focused on this definition of material impact in line with other banks' submissions to your inquiry. Between 1 April 2023 and 31 March 2025, we experienced 11 PSD2 incidents impacting TSB customers.

As a result of these incidents, there was a total of 35.5 hours impact to customers across our banking channels. Three instances had no direct channel impact but affected payment processing. A detailed breakdown is outlined in Annex 1.

11. **The number of UK customers that have been affected by each of those outages**

As noted in the answer to question 4, our digitally active customers include around 1.9 million using the TSB mobile banking app, and 450,000 using our internet banking service. From 1 April 2023 to 31 March 2025, eight of the 11 incidents impacted digital channels and, as a result, any of these customers may have been impacted. The number of customers affected by an incident will vary based on a range of factors such as the time of day and the type of outage as well as the severity of the incident (e.g. an intermittent impact or full outage). On an average day TSB has an estimated 369,000 unique-customer logins across both mobile and web – a typical 1-hour full is estimated to impact an average of 15,000 to 30,000 customers. For the Payment Services Directive 2 (PSD2) incidents in the past two years it is estimated that on average 32,000 customers were impacted.

12. **The amount of compensation that TSB have paid to your UK customers due to IT failures over the last two years**

TSB received a total of 3,934 complaints relating to the 11 incidents referred to above, and compensation for loss and inconvenience arising from these incidents is around £118,000.

13. **A description of the reason for those failures**

Of the 11 incidents, the following general root causes apply, although it should be noted there are no specific recurring root causes to the incidents:

- 3 were caused by a hardware issue
- 3 were caused by capacity issues
- 2 were caused by a change by a third-party supplier
- 2 were caused by human error
- 1 was caused by a database performance issue.

A more detailed overview of IT incidents since June 2023 is set out in Annex 1.

We are committed to building strong technology resilience within our banking systems to serve our customers well. Should you have any questions, please do not hesitate to contact me.

Yours sincerely,

Marc Armengol
Chief Executive Officer, TSB Bank

Annex 1

Date	Summary	Customer Impact (Hours)	Impacted Channels and/or Payment Type	Complaints
Jun-23	Customers experienced intermittent transaction authentication issues	<1	Faster payments	64
Jun-23	Customers experienced intermittent login issues to web and mobile application. Customers also experienced a complete outage to immediate payments	3	Mobile Banking, Online Banking	
Jul-23	Customers experienced an intermittent outage to mobile and web logins as well as an outage to TSB ATMs.	3	Mobile Banking, Online Banking	318
Jul-23	Customers experienced an outage to mobile and web logins.	<1	Mobile Banking, Online Banking	
Jul-23	Customers experienced a delay to payments	3	Clearing House Automated Payment System (CHAPS)	
Nov-23	Retail customers experienced issues with accessing web and mobile applications. ATMs were down for customers. Payments where delayed.	7	Mobile Banking, Online Banking, Faster Payments, ATMs	594
Nov-23	Retail customers experienced issues with accessing web and mobile applications. Intermittent Issues with cash deposit machines	1	Mobile Banking, Online Banking, ATMs	
May-24	Retail customers were unable to access web or app banking.	2	Mobile Banking, Online Banking	186
Jun-24	Retail customers were unable to access web or app banking. Inbound payments where delayed	5	Mobile Banking, Online Banking	276
Sep-24	Retail customer payments were delayed	5	Bankers' Automated Clearing System (BACs)	819
Oct-24	Retail customers were unable to access web or app banking. Also 50% of estate ATMs were down.	5.5	Mobile Banking, Online Banking, ATMs	1545