

The complaint

Business A, a limited company, represented by Mr I complains Zempler Bank Limited trading as Cashplus Bank unfairly blocked his account and retained his funds.

What happened

On 18 October 2023 Business A's account was restricted. Cashplus explained it was carrying out a review in line with its regulatory obligations.

In order to complete its review Cashplus asked Mr I to provide various documents. These were provided to Cashplus on 7 November 2023, after Mr I had numerous calls with Cashplus advisers about the portal and process in place.

Cashplus conducted a review based on the evidence provided, and on 11 December 2023 it issued a notice to close letter explaining the account would be closed on 13 February 2024. Access to the account was restricted and Cashplus didn't provide any further details about the reasons for closure. Mr I raised a formal complaint about the handling of Business A's account and the retention of funds. In its final response letter Cashplus explained it had acted fairly, in line with its regulatory duties and the terms and conditions of the account. It also said it would not be returning the funds to Business A due to a pending indemnity claim from the sending bank.

Mr I remained unhappy with Cashplus' response and referred his complaint to our service. An Investigator reviewed his concerns and due to a lack of information from Cashplus they initially recommended the complaint be upheld. However, once Cashplus provided the necessary evidence the Investigator issued revised findings, explaining in summary, the following:

- Cashplus's regulatory obligations mean it is entitled to carry out reviews of customer accounts.
- Cashplus doesn't need to give Mr I the reasons for the account closure and it can make its own commercial decision on who it wants to have as a customer.
- The evidence provided by Mr I wasn't enough to show Cashplus had acted unfairly by returning the funds in question.

Mr I disagreed with the Investigator's findings, explaining he had provided adequate evidence regarding his entitlement to funds. As no agreement could be reached, the case has been referred to me – an ombudsman – for a final decision.

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'll start by setting out some context for the review of Business A's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must

establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Business A's case I'm satisfied Cashplus was complying with these obligations when they reviewed Business A's account.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Cashplus has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr I, but I'd like to reassure him that I have considered everything he and Cashplus have said before reaching my decision.

Based on the information disclosed by Cashplus I'm satisfied it acted fairly by blocking Business A's account and had no obligation to tell him the basis of its concern or forewarn him of its intention.

Business A's account terms and conditions also allow Cashplus to block the account to ensure it's able to comply with its regulatory requirements. I understand Mr I's frustration with the block, and I don't doubt it would've had a detrimental impact on him and his business. I've looked at the reasons Cashplus placed blocks on the account, and I'm satisfied Cashplus acted in line with its obligations and acted both fairly and reasonably. So, I don't think Cashplus did anything wrong when restricting the account.

Whilst the account was blocked Cashplus asked Mr I for proof of identity and address documents. Mr I provided these, and following a review of these and the account activity Cashplus issued a notice to close letter to Business A. The Investigator asked Mr I to provide details regarding Business A and highlighted two payments in particular. Mr I provided evidence regarding the payments in, explaining they were related to the vehicle rental service provided by Business A. I've considered the information provided by Mr I, and I think it is incomplete. The specific details regarding the rental service don't correlate with the account activity and the evidence provided prompts further questions, and Mr I hasn't been able to clearly outline why the payments were made into the account and forwarded in the manner they were. Ultimately, the evidence provided by Mr I isn't enough to satisfy me that Cashplus acted unfairly in blocking the account and returning the payments to sender.

Cashplus' review of Business A's account led to its ultimate decision to close the account. Cashplus is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Cashplus should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

The terms and conditions of Business A's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Cashplus blocked Business A's account, so I consider this to be akin to an immediate closure. For Cashplus to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Cashplus did.

I understand Mr I wants Cashplus to explain the reason it closed Business A's account and return the funds held within it. However, in light of the evidence I've seen I don't consider it to be fair or appropriate for me to require Cashplus to take any further action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 3 October 2024.

Chandni Green
Ombudsman