

## **The complaint**

M, a limited company, complains that Advanced Payments Solutions Limited (trading as Cashplus) unreasonably closed their account and withheld their funds.

## **What happened**

M held an account with Cashplus. But in July 2023 they discovered that they could no longer access the account. When they contacted Cashplus about this, they were not given any further information about the restriction.

Unhappy with being unable to access the funds M complained to Cashplus. Cashplus responded to say that they were meeting their legal and regulatory requirements and referred M to the terms of the account. Cashplus also confirmed the account would be closed in October 2023, but M would not be permitted to use the account before then.

M then referred their complaint to our service, saying they hadn't been able to make payments to the directors. M asked for an explanation for why their account had been closed. One of our investigators looked into it but didn't think Cashplus needed to do anything further – saying they felt the restriction and closure were fair and in line with the terms of the account, and Cashplus didn't have to provide a reason for this.

However, M disagreed with this, saying that Cashplus had taken three months to resolve the situation which was unfair. But the investigator didn't change their mind, so the case has been passed to me to decide.

## **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.

Cashplus, like all regulated payment service providers in the UK, have to meet strict legal and regulatory obligations when providing payment accounts to their customers. These obligations can mean that there are occasions they will need to investigate how an account is being used, and the nature of the payments to and from the account. During an investigation there may be a need to restrict access, and not accept any further payment instructions. There is provision for this in the terms of M's Cashplus account.

Cashplus don't have to give advance warning of any restriction – and often this would be unwise. So, I can't say they've done anything wrong by not doing so. They also aren't under specific obligation to explain to M the nature of the review, or what triggered it. In this case Cashplus have declined to offer an explanation to M. I can understand why the directors of M would like to know more, as there would be a natural curiosity as to why a financial relationship was abruptly ended.

The rules of our service allow us to treat certain evidence in confidence if the ombudsman considered it appropriate – for example if there is information about other third parties, the information is commercially sensitive, or it contains information about security procedures.

Cashplus have supplied their reasoning for the review with our service, and I'm persuaded it's appropriate that this information be kept confidential. So, I'm sorry to the directors of M that I won't be detailing it in full here. But having considered this carefully, on balance I'm satisfied that the review and block were reasonable. I don't see that it was irrational, mistaken, or fundamentally unfair.

I appreciate the review would have been inconvenient to M, especially considering the length of time it took before the funds were released. But as this inconvenience flows from the reasonable actions of Cashplus I can't reasonably ask them to do anything further to make up for it.

The ultimate outcome of the review was that Cashplus decided to close M's account. Again, there is no obligation on Cashplus to explain the reason for this in detail. In their submissions to our service M has referred to potential changes in regulation compelling businesses to give reasons for closing payment accounts – but these proposals aren't currently in place and are unlikely to apply retrospectively. I can't see that Cashplus have been unreasonable in not providing M details on why the account was closed.

The terms of the Cashplus account say it can be closed if at least two months' notice is given – which is in line with the relevant regulations. But in this case while Cashplus told M in advance of the closure, the account was inactive from July 2023 onwards. I consider this in practice to be an immediate closure, which the terms only allow for in limited circumstances. After considering these terms, and the circumstances of the complaint, I'm persuaded that the immediate closure was appropriate.

I've no doubt this outcome will be disappointing to the directors of M, but I do not see that Cashplus to do anything further here.

### **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 M to accept or reject my decision before 5 August 2024.

Thom Bennett  
**Ombudsman**