

The complaint

Mr H complains that J.P. Morgan Europe Limited (trading as Chase) unreasonably blocked his account without explanation. He'd like to be compensated for the inconvenience this caused.

What happened

Mr H holds an account with Chase. But in October 2023 while trying to pay for fuel he found that he couldn't make any payments. When he complained about this to Chase, he told his account was under regulatory review, and that access was restricted in line with the terms.

Unhappy with this Mr H referred his complaint to our service. He said the block had meant he'd lost earnings, and left his family struggling for funds. In January 2024 Chase removed the blocks on the account.

One of our investigators thought the complaint should succeed, in part. They accepted that Chase could block an account while they conducted a review. But they thought the review could have been completed quicker, and Mr H's account unblocked by 1 November 2023. They suggested Chase pay Mr H 8% simple interest on the account balance between then and when the account was unblocked, as well as £200 compensation.

This was accepted by Chase. But Mr H didn't agree. As no agreement could be reached the complaint has been referred 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.

It's right to say that Chase, like all regulated financial firms in the UK, have to meet strict legal and regulatory obligations when providing accounts for their customers. Broadly, these obligations require them to monitor accounts and transactions for signs of financial distress, or financial crime. The consequences to the bank for not meeting these obligations can be severe – and so it's right that they take them seriously.

These obligations mean that sometimes Chase will need to investigate an account or transaction in more detail, to better understand how an account is being used and if there is any risk to them, or the wider financial industry. They may choose to prevent any further transactions on the account while they do this. I can see that Chase have highlighted to Mr H the terms in their account that give them the option to do this. So, the review and block aren't unreasonable.

Chase aren't under any obligation to explain to Mr H the nature of the review, and in this case have declined to provide any significant detail. Mr H has said he was told that the reason was for suspected business use of a personal account.

Chase have provided further reasoning to our service. The rules of our service allow us to treat evidence as confidential, for example if it includes information about third parties, or security information. Having reviewed the evidence, I consider it appropriate that the details of Chase's investigation remain confidential. So, I'm sorry to Mr H that I won't be providing significant details in this decision.

Having reviewed Chase's reasoning, I'm satisfied that their decision to review Mr H's account was in line with the legal and regulatory obligations. And the blocking of the account while they did so was in line with the terms of the account. So, I don't see that they've been unreasonable in doing so.

But any block will undoubtedly cause inconvenience to the account holder. So, it's reasonable to expect that any review is completed as quickly as possible, with no unnecessary delays. But here by 1 November 2023 Chase had completed their investigation. So, it is unclear why Mr H's account wasn't unblocked until January 2024. Chase have not provided a reasonable explanation for this. So, I'm not satisfied they have treated him fairly in allowed the block to continue past this point.

Considering how to put this right, it's reasonable that Chase pay 8% simple interest per annum on the balance of Mr H's accounts, from 1 November 2023 until the account was block. There's no saying for certain how he would have used these funds, and it will have impacted a whole host of financial decision in his life for the period he was without them. It's simply not possible for an informal service such as ours to rework every financial decision he made in that time. So, I'm satisfied that the awarding of 8% interest per annum is a fair way to reflect the use of these funds in that time.

Typically, I might only award this interest on the current account, as funds held in a savings account may be expected to sit and gather interest at the account rate. But from the account history, I can see Mr H often moved money between these accounts, as he needed to use them. So, I see it's reasonable to include the funds held in the deposit account when calculating the 8% interest award.

I have also considered compensation. Mr H has said he lost earnings, although I note he is the director of a limited company which also appears to be the source of payments into the Chase account. I can't consider any losses in particular to the limited company, as this is a separate and legally distinct entity to him personally.

Looking at the payments in to and out of the Chase account over the months previously, I'm not persuaded that he was entirely without accounts from other financial providers. Nor have I seen anything to suggest that it would have been difficult or impractical for him to mitigate the circumstances by opening an account elsewhere.

But I recognise it will have been frustrating and inconvenient for Mr H to be without the Chase account, that was used for day-to-day spending, for longer than was reasonable. So, I'm satisfied that some compensation is appropriate. But I'm not persuaded the impact was so severe as to reach the amounts Mr H has asked for. I appreciate this will be disappointing to him, but I'm satisfied that £200 is a reasonable reflection of the impact of Chase's delay in removing the block.

My final decision

My final decision is that I uphold this complaint and direct J.P. Morgan Europe Limited to

- Pay 8% simple interest per annum on the balances held in Mr H's account from 1 November to the date the funds were made available to him.

- Pay Mr H £200 compensation

If J.P. Morgan Europe Limited consider that they are required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 December 2024.

Thom Bennett
Ombudsman