

## **The complaint**

Mr E complains that Zempler Bank Limited restricted and then closed his bank account. For simplicity, I'll refer to the bank as "Cashplus".

## **What happened**

In or around May 2023 Mr E opened a Cashplus account. He has explained that he initially did not use it very much, but that his intention was to use it to keep funds to put towards a property. By August 2023, the balance on the account was £10,000. That was the balance limit according to the account terms, although account holders could apply for an increase.

Mr E applied for an increase in the account limit. Cashplus considered the application but declined it. At the same time, it placed restrictions on the account while it carried out a review; this meant that payments intended for the account were returned to source.

On 6 October 2023 Cashplus gave Mr E notice that it would be closing his account in 60 days. Mr E asked that it close the account and gave Cashplus instructions for the transfer of funds in it. Cashplus however said that the account remained restricted while it carried out its review.

At the end of November 2023 (that is, shortly before the notice period expired) Cashplus closed the account and returned the funds to Mr E.

In the meantime, Mr E had referred the matter to this service. One of our investigators considered what had happened and issued two very similar assessments. The investigator was satisfied that Cashplus had acted fairly in closing the account, but thought that the restrictions on it meant that it had effectively been closed without notice. The investigator recommended that funds be released and that Cashplus pay Mr E £100 by way of compensation, as well as interest on the account balance.

Mr E confirmed that he had received funds and said that he accepted the recommendation of £100 compensation and of interest. Cashplus did not accept that recommendation. It said that it had been necessary to restrict the account while it was completing its review. It asked that an ombudsman review the complaint.

## **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.

Having done so, I've reached broadly the same conclusions as the investigator did, and for similar reasons.

It was for Cashplus to decide, as a matter of its commercial discretion, whether to increase the account limit and whether to keep Mr E as a customer. I agree with the investigator that it exercised that discretion fairly in this case.

I am satisfied too that Cashplus gave proper notice that it was closing the account. And I note that, since the account had an upper balance limit of £10,000, it may be that it was not suitable for Mr E's purposes in any event.

However, the effect of the account restriction was that Mr E could not close the account and transfer his funds elsewhere. I accept that Cashplus was entitled to restrict the account while it was reviewing it, but I do not believe that it completed that review as quickly as it should have done. Mr E provided it with the information it had asked for without delay, and Cashplus has not identified any other issues relating to the account that it needed to look into.

Given the way Mr E operated the account – as a savings account, rather than for day-to-day spending – I believe the inconvenience resulting from the delay was less significant than it might have been. A modest award is therefore appropriate, and I believe the investigator's recommendation is fair in the circumstances. I agree too that Mr E should receive interest on the funds in the account – to recognise the cost to him of being without funds for a short period of time.

### **My final decision**

For these reasons, my final decision is that, to resolve Mr E's complaint in full, Zempler Bank Limited should pay him £100, along with interest at 8% simple on the account balance from 7 October to 30 November 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 13 August 2024.

Mike Ingram  
**Ombudsman**