

The complaint

Mr O complains that J.P. Morgan Europe Limited trading as Chase ('Chase') blocked his accounts for a long time. He said this impacted him financially as well as causing him stress and wants to be compensated.

What happened

Mr O had a current and a savings account with Chase. Around December 2022 and January 2023 Chase asked Mr O to provide evidence that he was entitled to certain payments that had been made into his accounts. After Mr O provided proof of entitlement documents it unblocked the accounts. The accounts were blocked again in February 2023 and proof of entitlement documentation was requested in relation to further payments that had been paid into Mr O's accounts. Chase again deemed the evidence Mr O provided to be sufficient and unblocked the accounts.

The accounts were blocked once again on 27 February 2023 and placed under review. Chase once again asked Mr O for proof of entitlement documentation. Mr O said that the payments were made as a result of him selling cryptocurrency on a cryptocurrency exchange. He provided evidence in support but Chase didn't deem it to be sufficient on that occasion, so the accounts remained under review.

Mr O complained in March and in June 2023 as he wasn't able to access any of his funds but both his complaints were rejected.

In rejecting the complaints Chase said that it was acting within its rights to review a customer's account at any time. It said it was also not able to provide timescales for when its review would be completed.

Mr O then brought his complaint to us. He said that the prolonged review of his accounts caused him financial embarrassment as he wasn't able to pay his direct debits and possibly affected his credit score. He said he also intended on investing in a lifetime individual savings account (LISA) with a view to obtaining a mortgage but was no longer able to. He added that he suffered a lot of stress and wanted to be compensated. He said he felt that he had been racially profiled and felt like he'd lost his self-worth.

The accounts were closed after Mr O complained to us, on 12 July 2023.

One of our investigators reviewed the complaint and asked Mr O for further information regarding his use of the account and also about specific payments into his account. Mr O said that all the transactions were in relation to the sale of cryptocurrency. He provided

screenshots from the cryptocurrency exchange where the transactions took place and also of some of the conversations he had with the buyers.

In terms of the impact the restrictions had on him, Mr O said that some of the money in the account was supposed to be invested in a LISA and another one in an investment ISA. He said he had to borrow from friends in relation to various expenses including his rent. Mr O said that he received part of his funds (around £26,000) from Chase on 19 July 2023 but not everything.

Our investigator reviewed the complaint and initially upheld it. He thought Chase was acting within its legal and regulatory obligations when it restricted the accounts but he thought the review should not have gone on past 30 March 2023. He also thought that the proof of entitlement documentation Mr O provided to Chase was sufficient. Our investigator's view was that Chase should return any money it had sent back to source plus interest from 30 March 2023 until the funds were returned to Mr O. He also thought it should pay the savings interest rate on the funds which were in Mr O's savings account plus £200 compensation for the distress and inconvenience the delays caused Mr O.

Our investigator said he hadn't seen any evidence that Chase had racially profiled Mr O. He also said he hadn't seen any evidence that Mr O's credit score had been impacted by Chase's actions. He added that he wasn't able to make an award for potential investments as earnings were not guaranteed. In terms of the LISA he said on the evidence he'd seen, Mr O did not have a LISA account when the restrictions were applied and had provided no evidence to show he was looking to purchase a property.

Chase didn't agree with our investigator and stood by its decision not to uphold the complaint and said the proof of entitlement evidence it had received wasn't sufficient. In terms of the delays, it said it had tried to return Mr O's funds to him sooner but it couldn't reach him. Our investigator disagreed and said those attempts weren't made until July 2023.

Mr O also didn't agree with our investigator. He said 8% interest should be awarded in respect of both his savings and current accounts. He also said that investing in a LISA would have provided guaranteed returns for which he should be compensated. He also didn't think £200 compensation was sufficient for the distress and inconvenience he suffered and felt anything over £500 would be more appropriate. He added that he missed out on various investment opportunities over the period when his accounts were blocked.

Our investigator went back to the parties for more information. He asked Mr O to provide evidence that he was advertising the sale of cryptocurrency on the relevant exchange. Mr O explained that advertising is instantaneous especially when it is done peer to peer.

Our investigator issued a subsequent view where he said he didn't think the complaint should be upheld. He thought Chase was acting in line with its legal and regulatory obligations when it restricted and closed the accounts. He was also satisfied that Chase was entitled not to return funds Mr O hadn't proven he'd been entitled to. He did think the review took too long but, in the circumstances, did not think any compensation was due.

Mr O didn't agree and asked for an ombudsman's decision. He said he had shown that he had released cryptocurrency in exchange for payment and could not understand why the evidence he had provided was not sufficient.

The matter was then 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.

I'd firstly like to explain 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 Chase has provided is information that we considered should be kept confidential. This means that I haven't been able to share a lot of detail with Mr O, but I'd like to reassure him that I have considered everything.

It might also be helpful if I explain that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. As our investigator said, Chase has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Chase will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result. Chase's terms and conditions also enable it to block accounts in certain circumstances.

I've also considered the basis for Chase's review, which I find was legitimate and in line with its legal and regulatory obligations. Having reviewed all the evidence, I'm satisfied that it was acting in line with its legal and regulatory obligations when it blocked Mr O's accounts on this occasion in order to conduct a review. I also thought that asking Mr O to provide information about how he was using his account was in line with these obligations. So I don't think it treated Mr O unfairly or unreasonably in this regard.

Chase's terms and conditions say it can close an account by giving two months' notice or with immediate effect in certain circumstances.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

In this case Chase decided to close the account with immediate effect. For Chase to act fairly here it needs to meet the criteria to apply its terms for immediate closure. Having looked at those terms and all the evidence I'm satisfied that Chase did. So, it was entitled to close the accounts in the way it did. It follows that I've decided not to ask it to reopen the accounts.

Chase asked Mr O to provide evidence he was entitled to a number of different payments made from a variety of senders. Mr O has provided us and Chase with screenshots of transactions, invoices, screenshots of banking apps from the senders sending payments to him, conversations with various parties regarding peer to peer transactions etc.

I can see that Chase has clearly explained to Mr O what it required and I'm satisfied that he understands what he needs to do to comply with Chase's request. I'm also satisfied that Chase has these processes in place in order to comply with its legal and regulatory obligations. So I can't say that it has done anything wrong by asking Mr O to provide proof of entitlement documents.

I appreciate that Mr O supplied a number of documents on more than one occasion. But Chase confirmed that the documents Mr O provided to date aren't acceptable. Having looked at the documents and the information provided by the parties I don't think this was unreasonable. So, it's up to Mr O to now provide the information necessary in order to satisfy Chase's requirements and be sent the funds. This means I won't be directing Chase to return funds to Mr O and that is because, on the evidence I've seen, I'm not satisfied he is entitled to the funds.

Our investigator felt that Chase could have completed its review more quickly. While Chase is entitled to carry out its review, we'd expect it to do so in a timely manner without undue delay. It is entitled to take the necessary time in order to carry out its review and I don't think it would be right for me to say it should have worked to a specific timescale. I think this would depend on each case, depending on its individual circumstances. Chase took four and a half months to review and release Mr O's funds. Our investigator felt that Chase could have completed its review and released the funds sooner based on the fact that Mr O had provided the information Chase had requested from him by the end of March 2023. I do not disagree with our investigator, however, I have also borne in mind that this was a complex situation which involved a number of different payments from different payees and that Chase wanted to review all the information thoroughly before making its decision. In the specific circumstances I have decided not to award compensation for the delay.

I appreciate Mr O says he suffered a lot of distress and inconvenience as he wasn't able to pay his rent or other expenses. And he also said he missed out on investment opportunities. But as I don't think Chase was wrong to review and close the accounts, I have decided not to award Mr O compensation in relation to these claims.

Mr O said he feels he was racially profiled because he is an immigrant. He believes he would have been given a reason for the account closures if this hadn't been the case. It's not our role to say whether a business has acted unlawfully or not – that's a matter for the Courts. Our role is to decide what's fair and reasonable in all the circumstances. In order to decide that, however, we have to take a number of things into account including relevant

law, which includes the Equality Act 2010 ('the Act'), and what we consider to have been good industry practice at the time. So although it's for the Courts to say whether or not Chase has breached the Act, we're required to take the Act into account, if it's relevant, amongst other things when deciding what is fair and reasonable in the circumstances of the complaint.

Having looked at the evidence and taken the Act into consideration, I don't think Chase has done anything improper in the specific circumstances of Mr O's complaint. Nor do I think Chase has acted unfairly or unreasonably.

I appreciate Mr O will be disappointed with my decision. He feels strongly that he is entitled to the funds and feels that his accounts were unfairly closed, but for the reasons I have given above, in these specific circumstances, I don't think Chase has treated him in a way that was unfair or unreasonable.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 12 September 2024.

Anastasia Serdari
Ombudsman