

The complaint

B, a limited company, complains that Advanced Payment Solutions Limited trading as Cashplus withheld an inbound payment without telling B, and also didn't tell B it required additional information as part of its due diligence checks.

B is represented by a director, but to keep things simple I'll just refer to B in this decision.

What happened

B had an account with Cashplus.

On 17 March 2020, Cashplus asked B to provide information as part of its due diligence checks. A few days later, on 25 March 2020, one of B's clients paid B £20,000. But the payment didn't show up in B's account. B chased its client about this and was told it had been paid. So on 8 April 2020, B sent Cashplus a message through Cashplus's "missing payment service".

B sent Cashplus further messages on 9 and 10 April 2020 – and called Cashplus on 14 April. At this point, B says Cashplus said it had received the funds, but wanted more information – in particular, a copy of the remittance. Cashplus also couldn't see that it had received the information it had requested on 17 March. After further calls between B and Cashplus, the funds were released on 20 April.

B is dissatisfied that Cashplus didn't tell it about the issue with the payment sooner. B doesn't think there was justification for Cashplus holding onto the funds, even after B had explained there was no need to do so. It says that the information Cashplus asked for wasn't necessary for due diligence purposes, and that Cashplus's actions weren't in line the terms and conditions of the account.

B says that as a result of the delay to the payment it had to chase its client to find out whether the payment was made. B says one of its directors lost the chance to use the money to make an investment. To put things right, B wants Cashplus to apologise, to stop doing this to its customers, an explanation of why Cashplus did this, and compensation. Cashplus says that it needed to make checks in line with its legal and regulatory obligations. It says it contacted B by text message on 25 March asking it to contact customer services. It had now released the funds. And so it didn't think it had done anything wrong.

Dissatisfied, B referred the complaint to us.

Our investigator looked at this. The investigator felt that Cashplus could have sorted things out slightly sooner – but that there were also delays caused by B. Thinking about all this, the investigator thought the issue could have been resolved two days sooner – and recommended Cashplus pay simple interest at 8% a year for the period from 17 April 2020 to 20 April 2020.

Cashplus has agreed with the investigator.

B doesn't agree for a number of reasons. B feels the text message on 25 March was meaningless and that it couldn't be expected to work out its significance. B also feels it's unreasonable for Cashplus to impose sanctions before the expiry date of its original request. B thinks that Cashplus's communication was inadequate, compounded by the people B called not having the correct information. B says the terms and conditions of the account doesn't allow B to do what it did. And B says that Cashplus were "pretty unpleasant" in their handling of the complaint.

As the investigator could not resolve the matter informally, 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.

Financial businesses, like Cashplus, are subject to a number of legal and regulatory obligations. This means they need to monitor their customer's accounts and may need to review them at any time. When they do this they don't need to give reasons. And when they review a customer's account, they may also need to impose restrictions on the account.

This is reflected in the terms and conditions that applied to B's account. These allowed Cashplus to request information from B about the identity and address of the directors of the business. Clause 12.6 of the terms and conditions also allowed Cashplus to "suspend, restrict or block the account at any time and without notice" where required to do so to comply with any applicable regulations or legislation, or if B hadn't complied with the terms and conditions. Where Cashplus took such action, it needed to notify B "as soon as We can". Separately, Clause 12.5 allowed Cashplus to decline paid-in funds or transactions "under certain circumstances", again, without notice.

Looking at what Cashplus did, I see it contacted B on 17 March 2020 to ask for proof of the director's address and identity. The heading of the email stated "We need some additional information from you", while the body explained that B needed to complete these actions by 16 April 2020 – and if B didn't, "your account will be blocked". The email went on to explain that B needed to access Cashplus's online servicing and complete a customer questionnaire – and provide an identity document and two proofs of address via a link in the email. B has sent us a screenshot of the servicing portal. This had the heading "Important: Additional information required to avoid your account being blocked" – and included a link to the customer questionnaire.

I'm satisfied that Cashplus was allowed to ask for this information in line with the terms and conditions. I find that the emails were clear that Cashplus wanted this information and that the account would be blocked if B didn't provide it.

On 25 March 2020, Cashplus received the £20,000 payment from B's client. Cashplus wanted more information about the payment before it could credit it to B's account. I'm satisfied it was acting in line with its legal and regulatory obligations when it did so. The terms and conditions required Cashplus to notify B of what had happened as soon as it can. And I see that Cashplus sent B a text message the same day. This says: "Please call Customer Services regarding your account – the number is on your card".

B didn't do this. We've asked B about this: B says that the message looked like "junk". B says it had no expectation of receiving any message from Cashplus – it had only invoiced the client a few days earlier. And it says other messages from Cashplus appeared more

urgent. For example, B has sent us a screenshot of another text message it received following a large payment earlier in March, which said "CASHPLUS: A high value payment has been set up to leave your account. Call us immediately if you didn't request this". B doesn't accept that Cashplus could send "meaningless" messages and expect customers to know that they're significant.

I've thought about this, but don't find what B says persuasive. I don't doubt that B ignored the message because the director didn't think it was significant. But that's not Cashplus's fault. I'm satisfied that Cashplus notified B that B needed to contact it about the account – and I find it's likely that had B done so, it could have discovered the true position and sorted the issues with the payment within a few working days.

Instead, B didn't discover what happened until it contacted its client to chase up the invoice. The client got back to B on 8 April, confirming that it had paid the invoice on 25 March. It was only at this point that B contacted Cashplus to find out what had happened to the money. B contacted Cashplus through its missing payments service on 8 April, and again on 9 April. Not having received a response, B then tried to call Cashplus on 10 April, but – presumably because it was Good Friday – wasn't able to speak to someone. B sent an email to B's complaints department – and then called Cashplus again the next working day, on Tuesday 14 April. At this point Cashplus confirmed that it had received the payment – and needed additional information from B.

Having considered all of this, I can't fairly hold Cashplus responsible for the delay between the 25 March and 9 April. I find that if B had contacted Cashplus when it had originally asked B to, B would have discovered the true position sooner. As it was, B didn't contact its client until 7 April – and didn't get confirmation that the invoice had been paid until 8 April. Given B ignored Cashplus's text message, I can't see how Cashplus could have resolved things earlier than this.

That said, Cashplus admits it didn't respond to B's requests through its missing payments service. Cashplus says that these requests were generally processed twice a day, and so if things had happened as they should have, it would have sent B a further text message asking it to contact customer services. With this in mind, I can see that B might have discovered the true position on 9 April 2020, rather than 14 April 2020.

I see that after B contacted Cashplus, it took a few more days to sort things out. In particular, B called Cashplus twice on 14 April, and during these calls expressed dissatisfaction that Cashplus hadn't informed him of its requirements sooner, and asked to speak to a manager. B was also unhappy that Cashplus wanted proof of remittance, which B said would be difficult to obtain from the client. I note that during the second of these calls, however, B did email Cashplus with a document showing proof of payment.

Cashplus then contacted B on 16 April to say it hadn't received the due diligence questionnaire or proof of identity or address. B said he thought he'd added this information to an online form – though Cashplus said its online form didn't include a facility to attach these documents, which B would need to send separately. I note that during the call B said he'd also recently been asked to provide documents by a different business, which may explain his recollections. In any case, B contacted Cashplus later that day to say its online form wasn't working, and was advised to use a different web browser. Having received the relevant documents, Cashplus contacted B to say the utility bills B had provided were unclear. B sent Cashplus further copies by email on 18 April. Then on 20 April, Cashplus released the funds to B's account.

With all this in mind, I can see that Cashplus might have helped B sort things out slightly sooner. In particular, I accept B might have discovered what had gone wrong a few days

sooner had Cashplus responded to the director's request through the missing payment service. However, the rest of the delays seem to have been unavoidable. B didn't respond to the initial text message, and I don't find that Cashplus reasonably needed to do more before B reported that the payment had gone missing. I'm not persuaded the delays between B contacting Cashplus on 14 April and the release of the funds on 20 April were unreasonable – Cashplus was entitled to ask for additional information if it wasn't satisfied with the original information, and that would necessarily introduce delays. So even if B had discovered the true position on 9 April, I can't fairly say it wouldn't have taken as long as it in fact did – four working days – to sort things out. Four working days from 9 April was Friday, 17 April (the intervening weekend was Easter). The funds were returned on Monday 20 April.

The investigator recommended – and Cashplus has agreed – to pay simple interest (the rate is 8%) on the missing £20,000 for the three days between 17 April and 20 April when the payment was made. I've thought about this. As I've said, I can see that Cashplus might have sorted things out a few days sooner. And so our normal approach would be to award simple interest for the period B was deprived of funds.

I appreciate that given the short period for which I've found things were delayed, this interest is likely to be very modest. I've thought about whether I should award more. But B is a limited company. B cannot suffer distress, pain or suffering because of what Cashplus did. Nor can I award compensation for the losses on B's potential investments – B says this would have been in the name of one of B's directors. And while I appreciate that this may have been inconvenient for B's directors, nothing I've seen shows that what Cashplus did had a significant impact on B itself, as a limited company.

So in the circumstances, I find that's a fair resolution to B's complaint – it reflects the delay caused by the delay between B reporting the missing payment and being told Cashplus needed the additional information.

I've considered the further points B has raised. B says, first of all, that the terms and conditions didn't allow Cashplus to withhold payments from the account, and that Cashplus ought to have told him what was happening sooner. But as I've already explained, Cashplus did send B the text message, and so it was up to B whether it wanted to respond to that message at that time. For the reasons I've already explained, I'm also satisfied that the terms and conditions meant Cashplus could restrict accounts and reject payments without notice. So this doesn't change my conclusions.

Putting things right

Cashplus should pay simple interest (the rate is 8%) on the £20,000 for the period from 17 April 2020 (when I find B should have received it) and 20 April 2020 (when B in fact received it).

If HMRC requires Cashplus to pay tax on this interest, Cashplus should provide B with a certificate showing how this is calculated if it asks for one.

My final decision

For the reasons above, I uphold B's complaint in part. My final decision is that Advanced Payment Solutions Limited should put things right by doing what I've said above. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 24 June 2022.

Rebecca Hardman
Ombudsman