

## **The complaint**

G complains Cynergy Bank Limited (“CBL”) restricted and closed its accounts without explanation. And its request for certain information, as part of its review, was unlawful and unreasonable.

G says the matter has caused it distress and inconvenience.

## **What happened**

In late 2020, CBL reviewed G’s accounts and blocked them whilst it did this. One of its agents called G and asked for information which showed G’s entitlement to the cash it was depositing.

G refused to do this saying it would be breaking GDPR rules by disclosing the personal information of its clients. CBL decided to close G’s account by giving it seven days’ notice, during which G did not have access to its accounts.

Unhappy, G complained. CBL said it had done nothing wrong in blocking and closing G’s accounts as it was following legal and regulatory obligations. But it did say its customer service didn’t meet its standards. CBL apologised for any inconvenience caused.

Dissatisfied with what CBL said, G referred its complaint to this service. One of our Investigator’s looked into the complaint. In summary, the key findings they made were:

- CBL has the right to review and block accounts at anytime to meet its legal and regulatory obligations
- CBL did not cause delays when carrying out its review
- CBL are under no obligation to explain why it closed the account
- CBL was entitled to close the account, but it didn’t act reasonably by doing so with immediate effect. Based on the evidence, CBL should have given 60 days’ notice
- CBL say G could have given the information it required by redacting the personal sensitive information it had concerns with sharing. But as CBL does not have any call recordings, its not possible to see this option was offered by it to G.

But CBL could have followed up its request for information in writing - especially as its employee called G using a withheld mobile which would have caused concern. This was poor service

- CBL accept it didn’t return calls in a timely manner. So CBL should pay some compensation for this
- As G is a limited company, and a separate legal entity to the personal capacity of its directors, we’re unable to award it any compensation for distress they suffered

- CBL were able to cover its wages and other costs by relying on savings held with another bank – but having to divert this would have caused CBL inconvenience. Because of this, and the poor service, CBL should pay G £250

CBL accepted what our Investigator said. G did not agree. In short it said:

- £250 is inadequate compensation as it had to use its savings to make good with clients
- CBL reasons to do this are without foundation or cause
- The distress caused to the directors was extreme

As G does not agree, its complaint has now been passed to me – an Ombudsman - 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.

Having done that, I've decided to uphold this complaint in part. I'll explain why.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

So I'm satisfied CBL did nothing wrong by reviewing and then restricting G's accounts. I'm also satisfied CBL didn't cause undue delays in doing so.

G argue the information CBL was asking it to provide would have meant it had to disclose personal information from its clients meaning it would breach GDPR rules. CBL say G could have redacted the personal information which would have avoided any data protection issues. I think that is a reasonable solution in these individual circumstances.

But as CBL do not have the calls it held with G's directors; I can't determine if this option was made over phone. G also argue that it was called by CBL from a withheld number, and the request for information wasn't followed up in writing. I think this is a reasonable point, and question why CBL didn't make a formal written request.

But ultimately CBL has ongoing obligations to meet and to do that it can ask its customers to provide proof of entitlement to funds. So I can see why not receiving the information it requested would have heightened any concerns.

G wants to know why CBL decided to review its accounts. Neither CBL nor I are under any obligation to disclose the reasons for this. But I am persuaded, from the information I've been given, that CBL had reason enough to place the account under review – and restrict them whilst it did this.

A bank is entitled to close an account just as a customer may close an account with a bank. But before a bank closes an account, it must do so in a way, which complies with the terms and conditions of the account.

Having looked closely at CBL's terms of account, I don't think it acted fairly or reasonably by closing G's accounts immediately. I don't think CBL's concerns were enough to do what it did. So I think it should have given two months' notice as per its terms.

Fortunately G were able to meet its financial commitments through accessing its savings held in another bank. But I agree having to do this would have caused it inconvenience. G's directors feel strongly they should be compensated for the distress and anxiety CBL's actions caused them personally.

But the eligible complainant here is G – a limited company. That means G is a separate legal entity to its directors. A limited company, given it isn't an individual, can't suffer distress or anxiety. I note CBL was able to continue trading and meet its financial commitments through accessing its savings. So I don't need to consider financial loss.

Having given this some thought, I'm satisfied £250 is fair compensation for CBL's poor customer service – and for the inconvenience it caused. In reaching this amount, I've taken into account the time frame in which this happened – and how quickly CBL was able to move its banking arrangements elsewhere.

### **My final decision**

For the reasons above, I uphold this complaint in part. I now direct Cynergy Bank Limited to put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 28 October 2022.

Ketan Nagla  
**Ombudsman**