

The complaint

Mr F complains that Plum Fintech Limited restricted access to his account and prevented him accessing his funds.

What happened

Mr F had an account with Plum Fintech.

On 19 August 2022 Plum Fintech contacted Mr F and asked him to provide documents to show the source of deposits into his account. They also advised Mr F that a failure to provide the documents may lead to a limitation of his account facilities.

Mr F didn't respond and on 26 August 2022 Plum Fintech emailed Mr F to advise his account access had been limited and to repeat the request for documents.

Mr F responded and queried the need for the documents – through a series of conversations with Plum Fintech he informed them that they already had access to the bank account used to deposit the funds and he could provide a copy of his driving licence to demonstrate proof of address.

Mr F also asked for Plum Fintech to close his accounts and return all of his funds.

Plum Fintech didn't agree the information Mr F had provided was sufficient – and reiterated they need a copy of the documents they'd requested.

On 27 September 2022 Mr F provided the documents Plum Fintech requested. And on 2 October 2022 Mr F's accounts were closed and the funds returned.

Mr F complained to Plum Fintech about their actions. Although Plum Fintech concluded they'd acted fairly in asking for the documents they had, and restricting his account, they thought his overall customer journey could have been improved. And therefore offered Mr F £100 compensation.

Mr F didn't accept Plum Fintech's offer so brought his complaint to our service.

One of our adjudicators looked into Mr F's complaint. They thought Plum Fintech had acted fairly and followed the terms and conditions of the account when asking for the documents, and restricting Mr F's access. Overall, they thought the £100 compensation offered was fair.

Mr F didn't agree. In response he argued that Plum Fintech should have used the link he provided to his bank account, and didn't act fairly in transferring out the funds from his ISA. Which meant he lost his ISA allowance.

As Mr F didn't agree it's been 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'm very aware that I've summarised the events in this complaint in less detail than both parties and in my own words. I don't intend any discourtesy by taking this approach. I've instead focussed on what I think are the key issues here. And our rules allow me to do this. This reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I'd like to stress that I've considered everything that Mr F and Plum Fintech have said before reaching my decision.

Plum Fintech are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review.

I've looked at what happened here and it appears that Plum Fintech asked Mr F to provide documents as part of a standard proof of funds check. I understand why Mr F found this inconvenient but Plum Fintech have a responsibility to keep their due diligence checks updated at all times. As part of their review, Plum Fintech asked Mr F to provide detailed information and documents about the money in his account and the source of the funds. They are entitled to do this under their regulatory obligations. I've reviewed the requests Plum Fintech made to Mr F. And I think they were reasonable in the circumstances. For this reason I'm unable to fairly conclude that Plum Fintech acted inappropriately.

Having determined that Plum Fintech's actions in requesting documentation to show the source of Mr F's funds were fair, I've moved on to consider the actions they took after this. And the restriction of Mr F's account. Plum Fintech first requested source of fund documents on 19 August 2022, and they said if Mr F didn't reply his account services might be limited. Mr F didn't reply, and Plum Fintech followed up their request on 26 August 2022 advising Mr F that access to his account had been restricted. And he'd need to provide the requested documents to regain access. Mr F wasn't of the opinion he needed to provide these documents, and didn't submit anything new to Plum Fintech until 27 September 2022. Plum Fintech reviewed the documents and released his funds on 2 October 2022. I appreciate that Mr F was very frustrated by the restriction and lack of access to his funds. But, I think Plum Fintech were clear in the documents they requested, and the potential outcome if they weren't provided. It's the case that Plum Fintech have the right to decide what information they require as part of a due diligence review and they have a responsibility to understand where the funds came from, and have a duty to protect their customers.

Mr F's argued that Plum Fintech acted unfairly in returning the ISA funds directly to him from the account, and he lost out on his ISA allowance. I've looked at the conversations between Mr F and Plum Fintech, and on 26 August 2022 Mr F asked Plum Fintech to 'close his account' and 'return his funds'. Mr F didn't mention he wanted the ISA funds transferred to a new provider, and I wouldn't expect Plum Fintech to ask Mr F about this. It follows I can't say they acted unfairly.

Putting things right

Plum Fintech offered Mr F £100 for his poor service they provided. It's the case that Plum Fintech didn't answer some of Mr F's questions in the online chat. And could have provided better customer service when engaging with him about the account restriction. I'm satisfied that £100 is fair compensation for this.

My final decision

My final decision is I direct Plum Fintech Limited to:

- Pay Mr F £100 compensation for the inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 18 May 2023.

Jeff Burch
Ombudsman