

The complaint

D a company complains that ClearBank Limited blocked their account and caused delays. D would like compensation.

D is represented by its director Mr R.

What happened

On 22 March 2022 D received four payments into its account which it wasn't expecting. It contacted ClearBank to explain these four payments weren't for any services provided by D. They originated from one of their clients I will refer to as Ms X who had been scammed. As the funds didn't belong to D, D asked ClearBank to return the funds to Ms X.

On 23 March 2022 ClearBank received a fraud report from Ms X's bank reporting the funds as disputed. Clearbank proceeded to block D's account.

The account remained blocked until 5 May 2022.

ClearBank have accepted that during this time they didn't provide D with the information it needed, and they provided confusing and misleading information at times. Mr R says he was told D could still receive payments into its account even though the account was blocked. However, Mr R realised that wasn't the case. He wanted to upgrade his account to one that allows telephone help, but his request was disregarded.

Mr R has said that as a small business he had no choice but to open a new business account for D with a new bank. He said that meant he had to work after hours to do the necessary admin work to set up the new account.

As a result of the way D was treated ClearBank have offered D £100 compensation and 8% interest for the time D didn't have access to the money in its account.

D complained to our service, one of our investigators looked into the complaint. She thought £100 compensation wasn't enough to reflect the inconvenience caused to the business during the block of their sole account. She agreed with Clearbank that the review could have been carried out faster and she increased the compensation to £250.

ClearBank disagreed they thought £250 was too much compensation. As there was no agreement the matter has come 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.

Both ClearBank and D agree that there were errors made in the way this review was handled. D were given incorrect information by ClearBank. D provided ClearBank with all the information it had available and informed ClearBank of the payments before Clearbank had received notification from the remitting bank.

ClearBank has offered 8% interest on the funds in the account from 23 March 2022 to 5 May 2022. D has agreed to this. I've looked at the evidence and I see no reason to change this part of the award.

Where the parties disagree is in the amount of compensation that they consider fair. So, I've gone on to consider this.

I've taken into account that ClearBank have legal and regulatory obligations that they must comply with. I've also considered that D was upfront with ClearBank and provided it with all the information it had about the payments into its account.

I have taken into account that this is a small business with only one account and having the account frozen for an extended period of time impacted the business' ability to trade. Mr R has said he had to open another account in order to be able to receive payments for services and pay suppliers.

I'm sure this was an anxious time for Mr R. As the investigator has said, I can only consider the impact on D and not Mr R when deciding on the fair amount of compensation to award in this case. So, I can't take into account the anxiety this caused Mr R. However, I note that as the only employee of D Mr R had added responsibility to keep the business trading by providing services and then also dealing with the banking issues he had as a result of the block this diverted him away from normal activities. Looking at the information provided for me as a whole by ClearBank and D, I find that £250 fairly reflects the amount of compensation we would award in these sorts of circumstances.

I agree that D should also be compensated for the time it didn't have access to the funds in its account at 8% simple interest from 23 March 2022 to 5 May 2022.

My final decision

For the reasons mentioned above I uphold this complaint. I direct ClearBank Limited to pay D

- £250 compensation
- 8% interest on the sum in the account from 23 March 2022 to 5 May 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 13 September 2023.

Esperanza Fuentes
Ombudsman