

The complaint

B, a limited company, complains that Advance Payment Solutions Limited (trading as Cashplus) unfairly restricted their account shortly after it was opened.

What happened

B is represented by its director Mr A.

In January 2023 £7,000 was deposited in B's Cashplus account. The next day the account was restricted and Cashplus asked for proof of Mr A's identification and address, as well as to provide some more information about the business. Mr A sent information to Cashplus, but the account remained blocked.

Cashplus later asked B for proof of entitlement to the £7,000. When Mr A contacted Cashplus he was misadvised that no further information was required.

B raised a complaint, saying they wanted the account closed and the funds returned. Cashplus responded to say that the restriction was in line with their legal and regulatory obligations, and they were entitled to ask for further information. But they accepted the review had taken longer than they'd advised it would, and that Mr A was given incorrect information. They offered B £25 in recognition of this.

The restriction was removed on 6 March 2023.

B referred the complaint to our service. Initially our investigator didn't think Cashplus needed to do anything further. But after reflection they thought the complaint should succeed. They said they were satisfied that Cashplus had unnecessarily caused delays, meaning the account had been restricted longer than necessary. They recommended Cashplus pay B £200 compensation for the inconvenience. They also suggested 8% simple interest on the balance of the funds held for the duration of delays.

B accepted this outcome, but Cashplus didn't agree. They felt considering the length of time for the delays this was excessive. As no agreement could be reached the complaint was passed to me to decide. After considering all the evidence I issued a provisional decision which said:

The investigator was right to say that Cashplus, like all financial businesses in the UK, have numerous legal and regulatory obligations when providing accounts to consumers. These obligations mean that, on occasion, they may need to restrict accounts to carry out reviews. There is provision for this in the terms of B's Cashplus account.

Cashplus aren't under any specific obligation to explain to B why they've decided to review an account, and in this case have decided not to. I've considered the reasoning they've provided to our service, and I'm satisfied that the reasons for carrying out a review were reasonable. I also consider the information they've asked for from B to be reasonable, and not overly onerous for B to provide.

However, when carrying out a review I would expect a business to carry it out as quickly and efficiently as possible. In this case Mr A provided the information on behalf of B promptly when he was asked. Cashplus have accepted in their submissions to our service that they didn't review this information within their own internal timeframes.

I'm also minded that the proof of entitlement for the funds paid in could have been asked for during the initial information request. It would have been known that this information would be needed.

So, I'm satisfied that there have been unnecessary delays in the review. It follows then that Cashplus have blocked B's funds for longer than is necessary. My understanding is that B submitted their relevant information on 27 January, but after the close of business for the week. So, they wouldn't have been picked up until 30 January. I see 10 working days as a reasonable amount of time to review the documentation, which is in line with what Cashplus have told us about their own expectation. I would see 13 February as the latest I'd expect the review to have been completed. This means the funds were held for three weeks longer than I consider reasonable.

B has claimed that they weren't able to pay employees and other expenses during this time but hasn't been able to demonstrate any specific losses for me to consider. But these are funds B has been without. I can't say for certain what B would have done with them, had they been available. But I consider it appropriate to award 8% interest on these funds for the period of the delay, to reflect the cost of being deprived of these funds.

On considering the non-financial loss, I accept it would have been inconvenient for B to suddenly find they couldn't access their funds. I can't consider the distress caused to Mr A personally, as the complainant here is B – a separate legal entity. I'm also minded that the underlying issue is the block and review, which I've found to be reasonable. But the unreasonable delay in releasing the funds added to the inconvenience caused. It's also accepted Cashplus misadvised B about whether further information was needed. Taking in to account the length of the delay and the incorrect advice given, I consider £100 to be an appropriate amount of compensation.

Both B and Cashplus responded to the provisional decision to say they accepted the outcome and had nothing further to add. As such, it now falls to me to issue my final decision.

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 thank both parties for their quick responses, and I'm pleased that both could agree with the proposed settlement. As such I see no reason to depart from my findings in the provisional decision, and I direct Cashplus to settle the complaint as suggested.

My final decision

My final decision is that I uphold this complaint and Advanced Payment Solutions Limited must:

- Pay 8% simple interest per annum on the balance held for the period 13 February 2023 to 6 March 2023.
- Pay B £100 compensation for the delays and service.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 5 October 2023.

Thom Bennett
Ombudsman