

The complaint

Mr S complains Advanced Payment Solutions Limited trading as Cashplus Bank (APS) unfairly removed his overdraft facility and cancelled his bank account without proper notification.

What happened

Mr S says he is a long-standing customer of APS and in early April 2023, without any previous notification, he received a letter dated 23 March 2023 which included a notice of arrears in the sum £185.54. Mr S says he was never previously advised of any such demand and despite him paying funds into his bank account with APS in early April 2023, it went on to cancel his overdraft facility and blocked his bank account.

Mr S says APS have breached its own terms and conditions and should reinstate his account and overdraft facility, refund any interest and penalty charges, and pay him compensation for the trouble and upset caused.

APS says its terms and conditions states that a minimum payment must be paid each month, but Mr S didn't make any payments from January 2023 to March 2023, even though this would have been clear from the monthly statements that were sent to him. APS says it sent emails and attempted to call Mr S but as no payments were made it sent a notice of arrears on 23 March 2023 and placed the account into a delinquent status.

APS says under its terms and conditions it can vary a credit limit at any time without notice and because Mr S hadn't made payments to his account for an extended period of time, it didn't feel it was unreasonable to withdraw the overdraft facility, but Mr S could continue to operate the account if he paid off the outstanding balance.

Mr S wasn't happy with APS's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says the terms and conditions of the account make clear a minimum payment is required each month and as Mr S failed to make payments in February 2023 and March 2023, APS were entitled to send the notice of arrears and remove the overdraft facility from the account.

The investigator says APS aren't required to give 14 day's-notice before removing an overdraft facility and felt it had acted in line with the credit agreement. The investigator felt even though Mr S subsequently made payments into his bank account in April 2023, it didn't mean APS couldn't exercise its right to review the overdraft based on its recent conduct. The investigator says if Mr S was to repay what was owed he could continue to use the bank account which he felt was fair of APS.

Mr S didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would be upsetting for Mr S to learn his overdraft facility had been withdrawn, even after he had made attempts to place funds into his bank account. When looking at this complaint I will consider if APS acted unfairly when it removed the overdraft facility on Mr S's bank account.

Mr S's complaint centres around the fact he is a long-standing customer of APS and without any notice it withdrew his overdraft facility – Mr S says the first time he became aware of the issue was when he received a letter in March 2023 informing him of the arrears, which he says he settled shortly after.

While I understand the points Mr S makes here, I'm not fully persuaded by his argument. I say this as from the information I have seen, Mr S had been sent regular statements online and as part of the terms and conditions of his bank account he was required to make a minimum payment of 10% of the outstanding balance each month, something he had been undertaking regularly up until January 2023.

From the bank statements provided to this service, I can't see any payments were made into Mr S's bank account for the period between January 2023 to March 2023 aside from a modest £10 direct debit fee reversal, in late January 2023. So, it's fair to say Mr S hadn't kept to the terms of the agreement by not making those minimum payments and I'm satisfied that is something he would have been aware of.

It's also worth saying here an overdraft facility is repayable on demand and this is detailed in the terms and conditions of the bank account Mr S holds with APS. Here, APS have determined that given the conduct of the account it decided to remove the overdraft facility without formal notice and while Mr S may not agree, it is permitted to do so under the terms and conditions of the bank account.

So, even though Mr S did make a payment into his bank account after receiving a formal notice of arrears, that's not to say APS can't still decide to remove the overdraft facility on the account if they believe the account hasn't been maintained to its satisfaction.

I can see APS haven't closed Mr S's bank account and he is free to use this, if he repays the amount owed and I am satisfied that is reasonable of APS.

While Mr S will be disappointed with my decision, I won't be asking anymore of APS.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 March 2024.

Barry White
Ombudsman