

The complaint

Mr D complains that J.P. Morgan Europe Limited trading as Chase blocked his account. He would like the block lifted and an explanation as well as £400 compensation.

What happened

Mr D had an account with Chase. On 17 July 2023 Chase blocked his account. The balance in his account was around £400.

Mr D has said that this was his main account and having no access to his money made it very difficult – he had to borrow money for his day to day living expenses.

Chase said they were entitled to review his account and block it –Chase said they didn't need to give Mr D a reason for reviewing his account.

Mr D complained to our service. One of the investigators looked into the complaint. She thought Chase were entitled to review the account. She thought there had been delays in the review, so she awarded compensation of £100 for the distress and said Chase should release the funds promptly and pay 8% interest on the balance in the account because she couldn't be sure the review hadn't been delayed.

Mr D agreed with the view.

Chase disagreed they said their review was still ongoing and they were entitled to block the account pending the review. They said they were within their SLAs.

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.

Account block

I'll start by setting out some context for the review of Mr D's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Chase were complying with these obligations when they reviewed Mr D's account and blocked it.

I can see that in blocking the account the bank were following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise so I can't say Chase was unfair. I'm satisfied that Chase were entitled to carry out a review and block the account to do so.

Having said that, from the information I have before me I'm not satisfied that Chase are carrying out their review of Mr D's account in a timely manner. I appreciate that there is no set time for the carrying out of a review, however the review has to be an active review in order to ensure that no unnecessary delays are taking place. This is because having an account blocked will cause inconvenience to a customer so it's important that the review is carried out without delay. Unfortunately, Chase haven't provided this service with sufficient information for me to conclude that Chase is acting fairly here.

Reasons

Mr D has said he wants to know the reasons why Chase blocked his accounts. Whilst Mr D may've expected to be given the reasons for the account block. Chase isn't required to give him a specific reason. And I can understand Mr D's frustration that he hasn't been provided a detailed explanation. But as the investigator has explained, Chase is under no obligation to provide this information to him, as much as he'd like to know. So, I can't say Chase have done anything wrong by not giving Mr D this information.

Compensation

Mr D has said that he has suffered losses as a result of the block. Mr D has said he would like £400 compensation. I appreciate Mr D has had a difficult time because of the account block. He has had to borrow money from friends and family. I know Mr D made many calls to Chase to see what was happening to his account review. However, Mr D hasn't provided any evidence of particular losses, so I'm satisfied that £100 awarded by the investigator is fair compensation for the inconvenience he was caused.

I am awarding 8% interest on the balance in the account from the date of the block. Again, this is because due to Chase not providing this service with sufficient evidence, I can't be satisfied that Chase has acted fairly in the time it has taken to review the account and Mr D has been deprived of his funds during this time. Therefore, I think he should be compensated for being deprived of his funds, and I think 8% is fair compensation for that loss.

Putting things right

To put things right Chase should pay Mr D £100 compensation for the trouble and upset caused to Mr D.

They should also release his funds when the review is complete and pay Mr D 8% simple interest calculated per annum on Mr D's account balances from when the account was blocked until its removal.

My final decision

For the reasons mentioned above I uphold this complaint. I require J.P. Morgan Europe Limited trading as Chase to pay Mr D:

- £100 compensation for the trouble and upset caused.
- Release his funds once the review is complete and pay 8% simple interest per annum calculated on Mr D's balances from when the account was blocked until the block is lifted.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 December 2023.

Esperanza Fuentes
Ombudsman