

The complaint

Mr P complains Tandem Bank Limited blocked his account. He didn't have access to his funds. He would like compensation.

What happened

Mr P had an account with Tandem.

Following activity on the account, Tandem requested information from Mr P. Mr P said he was unable to provide this information. Tandem blocked the account on 12 January 2022 in order to carry out a review. Following the review Tandem decided to close Mr P's account. Tandem requested an account from Mr P in order to transfer the closing balance. Mr P didn't want the account to close so refused to give Tandem an account. He said he wanted to know the reason Tandem had taken this decision.

Mr P transferred £35,000 to an external account on 3 February 2022. Following this Tandem transferred the balance of Mr P's account to the same external account on 4 February 2022 and closed Mr P's account.

Mr P has said he was unhappy that Tandem didn't provide him notice of their intention to block the account. He was unhappy with the service Tandem provided, he said he had lost out on obtaining a higher interest with another provider as he couldn't access his funds. He said he was distressed at not being able to access his savings and he didn't think Tandem had dealt with his complaint promptly.

Tandem said they were entitled to review the account to comply with their legal and regulatory obligations. They didn't have to give Mr P a reason for the closure of his account. They didn't think he had lost out on interest as he had been paid interest during the time of the block. They acknowledged that Mr P might be disappointed with the timescales in responding to the complaint, Tandem said they were investigating the complaint in order to provide a response. The complaints team only dealt with queries by email and not phone. Tandem explained their technical error had prevented them from closing the account and returning the funds to Mr P sooner.

Mr P complained to our service. One of the investigators looked at the complaint. He thought Tandem hadn't acted unfairly when they blocked and subsequently closed Mr P's account. Tandem were entitled to ask for the extra information.

Mr P was unhappy with the view he said he was given wrong information over the phone; he was told the account would remain open until he spoke to a manager but Tandem closed the account the next day- Tandem provided Mr P with a final response to his complaint on 7 February 2022 so the proposed call from a manager on 8 February didn't take place. Mr P thought Tandem should pay him £100 compensation.

The investigator reconsidered the information in the light of Mr P's comments. He thought Tandem hadn't withdrawn their notice to close during this call merely because Mr P hadn't provided Tandem with an account in which to pay the balance. He thought Tandem had

reiterated their position regarding the account closure in their final response letter dated 7 February 2022. He accepted Mr P had further technical difficulties when he tried to transfer money on 4 February 2022, but this was resolved the same day and Mr P was able to withdraw his funds.

As there was no agreement the matter has come to me to decide.

In my provisional decision I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Review

I'll start by setting out some context for the review of Mr P'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 Tandem were complying with these obligations when they reviewed Mr P's account and asked him to provide information about how he was operating his accounts.

Tandem requested some information from Mr P in particular some bank statements. Mr P said he wasn't comfortable providing this information to Tandem and he didn't think it was necessary.

Tandem has to have in place security measures and procedures in order to try to safeguard its customers' accounts and ensure it complies with its legal and regulatory obligations. And it's not for this service to interfere with these processes. That's a matter for Tandem. I'm satisfied Tandem were entitled to request the information that it did from Mr P.

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 Tandem acted unfairly when they reviewed and blocked Mr P's account. Looking at the evidence that Tandem have provided this service I'm satisfied they acted promptly and there were no delays in the review of the account. It follows I don't think any compensation should be paid here.

Closure

As the investigator explained it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

I've considered whether Tandem acted fairly in closing Mr P's account. I've looked at the terms and conditions of his account and I'm satisfied they did. The terms and conditions outline that the bank can close a customer's account with immediate effect in certain circumstances. In this case Tandem closed Mr P's account without notice. For Tandem to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the account as it's already done.

Customer service issues

Mr P is unhappy that despite being promised to, he didn't receive a call from a manager on 8 February 2022. Mr P had been led to believe that his account would remain available to him on a call with an agent on 3 February 2022. I have listened to the call on 3 February 2022. In it the agent for Tandem tells Mr P that Tandem will be closing his account with immediate effect, and he mentioned clause 4 of the terms and conditions. Mr P was unhappy to hear this news and raised a complaint and said he wanted to speak to a manager. The agent promised him a call for 8 February 2022.

Mr P has said he should receive compensation because he was led to believe that his account would remain open until he spoke to the manager on 8 February 2022. I have considered Tandem's processes. Tandem have said they provide notice to their customers by phone of their intention to close an account and this is what they did in Mr P's case. Mr P was understandably unhappy with this news and wanted to know the reason for the closure.

Tandem aren't obliged to give Mr P a reason for closing the account and as I've explained I think they acted fairly when closing the account. They were entitled to close the account with immediate effect, and this is provided for in the terms of the account. I don't think Mr P would have been given a reason for the account closure even if he had received the expected call on 8 February 2022.

Mr P refused to give the agent an account for his funds to be transferred to. Tandem have said that they would normally transfer the funds to the customers linked account, but Mr P had a number of accounts linked and they wanted to give him an option to choose his preferred account. I'm satisfied that but for Mr P's numerous linked accounts, Tandem would have closed the account and transferred the funds directly to his linked account following the conversation on 3 February 2022, as that is the process they have outlined to me.

Having heard the call I accept that Mr P was told that his account would remain operational whilst he waited for a manager's call on 8 February 2021. The agent confirmed no closure action had been taken and the block had been removed from the account. However Tandem closed the account on 4 February 2021. I'm satisfied that when the agent told Mr P the account would remain open Tandem were deviating from their original process. Mr P was given the impression that the account would remain open until he spoke to a manager on 8 February 2021, and he was entitled to rely on that information. Since that isn't what happened I think Tandem should pay £50 to compensate Mr P for this failure in customer service.

Mr P raised several complaint points which Tandem dealt with together in one final response letter. I don't think Mr P was disadvantaged by the way Tandem handled his complaint, so I won't be asking them to pay compensation. Mr P received a response to his complaints by 7 February 2022. I accept Mr P should have got a call back on 8 February 2021. Mr P wanted a reason for the account closure. I've already said that Tandem don't have to give Mr P a reason for the closure, and I'm satisfied they acted fairly when they decided to close Mr P's account with immediate effect. So, although he was promised a call, the call wouldn't have changed the outcome, so I don't think Mr P has suffered a detriment for not receiving a call back from a manager.

Technical error

Mr P was told that Tandem had a technical issue which prevented Mr P from accessing the funds in his account. Mr P was unhappy that because of a reason outside his control he was unable to access his funds.

I appreciate Mr P found the whole situation frustrating however as I've said Tandem were entitled to block Mr P's account whilst they carried out a review. I've looked to see if the technical issue delayed the review or Mr P being able to access the account and I'm satisfied that it didn't.

I think Tandem were entitled to review the account and they didn't cause any unnecessary delay, so I don't think it has done anything wrong. But I do think the explanation Tandem gave Mr P was unhelpful. And that Tandem could've explained things better to Mr P. Nevertheless, I'm satisfied that the technical issue didn't delay the review of Mr P's account.

Responses to my provisional decision

Mr P has accepted my provisional decision. Tandem have also accepted my provisional decision. Now both parties have had an opportunity to comment I can go ahead on 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.

Although Mr P and Tandem have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

I remain of the view that this complaint should be partially upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons I've given, my final decision is that I partly uphold this complaint and direct Tandem Bank Limited to pay Mr P £50 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 November 2023.

Esperanza Fuentes
Ombudsman