

The complaint

S complains Advanced Payment Solutions Limited, trading as Cashplus Bank, restricted and closed their account without explanation. S also complain that Cashplus has unfairly held onto their funds.

To keep matter simple, I will refer to “Cashplus” in my decision.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

Following an internal review, Cashplus blocked S’ account in February 2023 and asked them to provide documents to it. S sent these documents to Cashplus, but they weren’t accepted as they didn’t meet its criteria. So Cashplus told S what it still needed to provide for its review. Further documents sent in were also declined by Cashplus for not meeting the criteria required.

S then informed Cashplus they couldn’t provide the documents it wanted. S asked for the account to be closed and the remaining funds transferred to one of its external accounts. Cashplus then notified S that it would be closing their account in 60 days’ time but without any access to the funds.

Unhappy S complained. Cashplus informed S that it needed their external bank details to transfer the funds. It later sent S it’s final response to their complaint. In summary, Cashplus’ key points were:

- As a regulated business, Cashplus may ask for information and documents at any time for due diligence purposes
- The account was restricted in line with the terms and conditions of the account
- Cashplus asked S to provide external bank details to transfer any remaining funds in error. It is sorry about this and has yet to decide on the funds being transferred to S
- Cashplus can give no further explanation about its actions

Unhappy with Cashplus’ answer, S referred their complaint to this service. One of our Investigator’s looked into it, and in summary they found:

- Cashplus acted in line with its obligations and terms of the account when it decided to review, block, and close S’ account
- Cashplus doesn’t need to give reasons to S, and it isn’t doing anything wrong in continuing to withhold the funds. S hasn’t shown entitlement to the funds

- Cashplus apologised for telling S in error that it needed its external bank details to transfer any remaining funds. It doesn't need to anything else as an apology is sufficient

S didn't agree with what our Investigator said. S say that it's wrong to say they haven't shown entitlement to the funds and so they want their funds released and sent to another bank account in their name.

As there is no agreement, this complaint has now been passed 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.

Having done so, I've decided not to uphold this complaint. I'll explain why.

Account restrictions and closure

Financial businesses in the UK, like Cashplus, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Cashplus needs to restrict, or in some cases go as far as closing, customers' accounts.

Cashplus has explained and provided me with information to show why it reviewed and blocked S' account. Having carefully reviewed this, I'm satisfied it has acted in line with its obligations when doing so.

Cashplus is entitled to close an account just as a customer may close an account with it. But before Cashplus closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Cashplus and S had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice. Cashplus gave S 60 days' notice of its intention to close their account. But this was without access to the funds and with restrictions. So I must treat this as an immediate closure.

Having looked at the information given to me by Cashplus, I'm satisfied it was entitled to close the account in the way that it has done.

I know S would like a detailed explanations as to why Cashplus took the actions it did, but it is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Cashplus has provided is information we consider should be kept confidential.

Funds withheld

Cashplus held onto over £9,000 of funds in the account and were doing so until at least November 2023. S complain the funds have been unfairly withheld.

As I said earlier, regulated businesses must comply with extensive legal and regulatory obligations. These obligations generally cover the entire period of its customer relationship –

from application to eventually the end of the relationship. This includes Know Your Customer (KYC) checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity, but also establishing the purpose and intended nature of the business relationship and origin of funds.

S couldn't provide Cashplus with the documents it required as part of its review. Having looked at what Cashplus required from S, and why what it received from them wasn't adequate, I'm satisfied it's acted reasonably here.

As I've said Cashplus has important obligations to meet. So taking this altogether I'm satisfied Cashplus hasn't done anything wrong in holding onto S' funds for as long as I can see it did. S is aware of the documents Cashplus require from them, and I don't think what's being asked of them is onerous or unreasonable.

If S provides Cashplus with the information it requires, then it should consider this on its merits.

S say Cashplus' actions has caused them significant inconvenience and financial loss. I do appreciate this matter would've caused them some difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against Cashplus given I don't think it's done anything wrong in restricting and closing the account. And then holding onto the funds. So I'm not going to ask Cashplus to compensate S for any trouble and upset this may have caused.

I note Cashplus apologised to S for erroneously telling them the funds could be transferred to their external bank account. I don't think it needs to do anymore.

My final decision

For the reasons above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 17 May 2024.

Ketan Nagla
Ombudsman