

## **The complaint**

Mr N complains that Advanced Payment Solutions Limited (trading as Cashplus Bank) unreasonably held on to his funds. He'd like to be compensated.

## **What happened**

Mr N holds an account with Cashplus, that he used irregularly. But in late March 2023 Cashplus restricted the account and asked him to provide identity documents and proof of address. He says he responded the same day to provide them.

But his account remained blocked. So, Mr N raised a complaint. Cashplus responded to say they were acting in line with their terms and conditions in asking for his proof of identity. They said they didn't have a record of receiving his identification details.

Unhappy with this Mr N referred his complaint to our service. One of our investigators got the required documents from him and passed these on to Cashplus in July 2023. This led to his account being unblocked in August 2023. Mr N transferred out his remaining funds, except £69 which was the value of the annual fee. Cashplus agreed to waive this fee.

After this, one of our investigators assessed this and felt that the original block of Mr N's account had been reasonable. But they felt after Cashplus had been provided with the information they asked for, they took too long to unblock the account. They suggested that Cashplus should pay him 8% interest on the balance between when they received the documents and when they released the funds. They also suggested £150 compensation be paid.

This was accepted by Mr N, but Cashplus disagreed. They were concerned we'd looked at matters after their final response had been issued. They asked for an ombudsman to review the complaint. As such the complaint has 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.

Cashplus, like all regulated financial businesses in the UK, have important legal and regulatory requirements to meet when providing accounts to their consumers. These requirements mean they need to know who their consumers are. It may sometimes be necessary for Cashplus to ask a consumer to confirm their identity and address, while they carry out a review. And it's not unreasonable for them to prevent any further activity on the account while they await this information. There is provision for this in the terms of the Cashplus account.

So, while I've no doubt it was frustrating for Mr N to have his account blocked, Cashplus haven't done anything wrong by doing so until they received the requested information. I've considered that Mr N says he sent it in at the time. But it doesn't appear Cashplus have a record of receiving it.

I can also see that the final response to Mr N's complaint explains that Cashplus are still waiting for the information, so he ought reasonably to have been aware why the account was still blocked. I don't see that Cashplus were unreasonable in having the account remain blocked.

Mr N subsequently supplied our service with information, and this was passed on to Cashplus on 14 July 2023. This was accepted by Cashplus, but the account wasn't unblocked until just over a month later. I haven't seen any reasonable justification from Cashplus for the continuing block after the information was supplied.

I've considered what Cashplus have said about this occurring after the final response letter was issued, and as such something our service shouldn't be considering. But I'm minded that it would fall within our investigative remit – we're not solely bound to cover only the issues covered in the business' response. Our rules allow us to take a broader view of complaints and resolving disputes between the parties.

In this case the crux of the complaint is that Mr N wanted his account unblocked, after he says he'd sent in the requested information. This was an ongoing issue, rather than a single event that had already passed. At the point he referred his complaint to us, I'm satisfied Cashplus hadn't received the information they asked for, so the ongoing block wasn't unreasonable. But after we forwarded the relevant information, which was subsequently accepted by Cashplus, I would expect the review to be completed at pace and the account unblocked in a reasonable time.

I see that taking over a month from that point on to release the funds as unreasonable. So, I see it as appropriate to award 8% simple interest on the balance of the funds to reflect the period Mr N should have had use of them but didn't. This is in line with our services approach to the loss of use of funds, as well as typical of debt judgements the courts may award.

On top of this I've not doubt this will have been frustrating for Mr N. As mentioned above, the initial block and review were reasonable – so I wouldn't look to compensate him for any inconvenience for this period. But once he'd supplied the relevant documents, and with an ongoing complaint, I can see how any further delays would increase the upset caused. So, its appropriate Cashplus pay him some compensation to reflect this. I'm minded that £150 is a fair amount.

Lastly, Cashplus have already agreed to waive their fee for his account and return the remaining balance of £69 to Mr N. I see that as reasonable.

### **My final decision**

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

- Pay Mr N 8% simple interest per annum on the balance of the funds blocked between 14 July 2023 and the date the funds were made available to him.
- Return the £69 remaining in the account to Mr N
- Pay Mr N £150 compensation for the reasons given above

If Advanced Payment Solutions considers that HMRC requires them to deduct tax for the interest award, they should tell Mr N how much has been taken off. They should also give him a certificate showing how much was taken if he asks for one, so he can reclaim this amount if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 April 2024.

Thom Bennett  
**Ombudsman**