

The complaint

Miss R, a director of C, complains that Zempler Bank Limited, trading as Cashplus Bank, restricted access to C's account and withheld C's funds. This impacted C's ability to trade.

What happened

Miss R is the sole director of C.

C had an account with Cashplus.

On 21 June 2023 Cashplus requested information from Miss R about how C operated. And on the same date they restricted C's account.

Miss R wasn't happy with Cashplus' decision to restrict C's account and withhold the funds. But Cashplus reviewed her complaint and didn't think they'd acted unfairly. Miss R explained C operates as a recruitment agency for healthcare workers and provided evidence of contracts C had with other providers.

But Cashplus weren't satisfied with C's responses. They issued C with 60 days' notice to close on 1 August 2023 but continued to restrict her account throughout.

During the block C's and following closure C's funds, just over £2,500, remained restricted in C's account. Our Investigator reached out to Cashplus about the retention of the funds. And on 27 November 2023 Cashplus agreed to release the funds to C.

Miss R also initially complained about payments sent from C's account with Cashplus to other businesses – but she's now advised our service that this isn't something she wants considered in this complaint. It follows, I won't be considering this further.

On 9 June 2023 C made a payment of £1,000 to an individual I'll call A, then on 12 June 2023 three payments totalling £7,000 were made to an individual I'll call B. Miss R complained to Cashplus that she didn't receive the service she'd paid for – specifically the placement of workers into roles within a care home. And argued she'd been scammed.

Miss R argued that Cashplus should provide her with a full refund on the basis that they have failed to protect her and uphold their duty of care.

Cashplus reviewed Miss R's complaint, but didn't uphold it. In summary they explained they hadn't signed up to the Contingent Reimbursement Model (CRM) and C's payments weren't significantly out of character. Cashplus explained they attempted to recover C's funds but weren't successful.

Miss R wasn't happy with Cashplus' response so brought her complaint to our service.

One of our Investigators looked into C's complaint. They thought Cashplus acted fairly in failing to refund the four scam payments. They also thought Cashplus acted fairly in restricting and closing C's account – but felt C's funds should have been accessible to Miss R sooner. And on 1 August 2023. Our Investigator felt this caused C detriment, and

recommended 8% interest on the funds in C's account from 1 August 2023 to the date they were released – 27 November 2023 – and £600 compensation for the inconvenience caused.

Initially Miss R didn't agree. She felt the impact on C was much more significant than our Investigator had awarded – but our Investigator advised that he couldn't consider the impact on her individually, as C was a separate legal entity. And Miss R decided that she'd accept the compensation offered.

Cashplus also didn't accept – they thought the compensation offered, of £600, was more than our service would usually award. And Miss R hadn't supplied sufficient evidence to justify this.

As Cashplus didn't agree the case 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.

Account restriction

Cashplus are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened I appreciate why C may have found this inconvenient, but Cashplus must ensure they keep their due diligence checks updated at all times.

Cashplus can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Cashplus have relied on the terms and conditions when closing C's account. I've considered the full circumstances of this complaint and I agree that Cashplus were entitled to close C's account. But, I think Cashplus should have allowed C access to their funds during the notice period – from 1 August 2023 onwards. I think Cashplus should have either closed C's account immediately and allowed C access to their funds – or issued 60 days' notice but allowed C access during this timeframe. However, C's funds weren't returned until 27 November 2023

Scam funds

I've moved on to consider whether Cashplus should have done more to protect C from financial harm – and identify the possibility that the payments made on 9 June 2023 were scam payments. And I realise that this will disappoint Miss R and C, but I'm afraid I can't conclude that Cashplus acted unfairly here.

I've firstly considered whether I think the payments made by C were unusual or out of character. If they were then I'd have expected Cashplus to identify them and then contact Miss R. Having reviewed them, I don't think they were. The first payment was made on 9 June 2023 to A for £1,000 – I can't conclude that this is a significantly large payment, or particularly unusual activity for C.

I've moved on to consider the payments on 12 June 2023. The first payment was for £4,000 followed by £2,000 and £1,000. The first payment to B is larger than most of C's previous payments. But on 9 June 2023 C made a genuine transaction of £7,500. For this reason, and being a business account, and the associated expectation of larger payments moving

through the account, I can't safely conclude that I'd expect these payments to trigger Cashplus' fraud detection systems.

However, that's not the end of the story. Cashplus do have a responsibility to try to recover any funds which have been lost via a scam. The payments made by C went to two different accounts with two different providers, I'll call Bank N and Bank P.

I've seen evidence from Cashplus that they were notified about the scam on 21 June 2023 and reached out to both Bank N and P on 22 June 2023. Unfortunately, both Bank N and Bank P responded on 22 June 2023 to advise that no funds remained. I understand that being scammed is distressing for any individual or business and I'm sorry Miss R and C were scammed. But, I'm satisfied that Cashplus acted fairly here – and I can't say I'd have expected them to do anything further.

Putting things right

I've considered the impact of Cashplus' failure to release C's funds to them. Although Miss R hasn't been able to show specific contracts that C lost because of the funds restriction. I'm satisfied that the restriction of C's funds did have a significant impact on C. I say this, as a small business – which C was – funds of the size restricted would likely impact on C's ability to operate. And it's sole director, Miss R, was also impacted by spending time contacting Cashplus and trying to retrieve the funds. For this reason I think £600 is fair compensation to recognise the impact caused.

I'm also satisfied that as C was deprived of the funds, they should be compensated 8% interest on the funds in C's account from 1 August 2023 to 27 November 2023.

My final decision

My final decision is I uphold this complaint and direct Zemper Bank Limited, trading as Cashplus Bank, to:

- Pay C 8% interest on the C's funds from 1 August 2023 to 27 November 2023
- Pay C £600 compensation for the inconvenience caused

HM Revenue & Customs require Zempler Bank Limited to withhold income tax from the abovementioned interest. Zempler Bank Limited should give C a certificate showing how much is taken off if it asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask C and C to accept or reject my decision before 26 August 2024.

Jeff Burch
Ombudsman