

The complaint

A complains Tide Platform Ltd (“Tide”) restricted and closed their account with immediate effect following a review. A adds that their funds were later only partially refunded – and they want Tide to return this to them.

A say that Tide’s actions have caused them loss of business, distress and inconvenience for which they should be compensated

What happened

Following an internal review, Tide blocked A’s account on 2 September 2022. After completing its review, Tide informed A on 15 September 2022 that it had decided to close their account with immediate effect.

Tide added that it was working on sending back the funds to A held in their account and asked them for bank details to send it to, alongside a bank statement for verification purposes.

Unhappy with Tide’s actions, A complained. Tide didn’t uphold A’s complaint saying it had acted in line with its obligations and did so in a timely manner. A referred their complaint to this service.

Tide returned around £3,040 to A in November 2022 whilst also closing the account. But it didn’t return £799.54 from A’s balance that had been withheld.

One of our Instigator’s then looked into A’s complaint. They recommended it be upheld in part. In summary, they found:

- Tide had legitimate reasons to review and restrict A’s account and did so in line with its obligations. So Tide doesn’t need to compensate A for any financial loss they suffered during the period the account was blocked
- Tide’s decision to close A’s account with immediate effect wasn’t fair. But it should have given two months’ notice. Had Tide done this, it would’ve limited the impact to A because they would’ve been able to carry out their business activities whilst arranging alternative banking facilities
- A sent Tide the information it requested to forward their funds on 19 September 2022. But it wasn’t until 7 November 2022 that Tide sent the partial refund of £3,039.90 to A’s nominated account. Tide says this delay was due to staff availability and the high case volumes it was dealing with. This isn’t a reasonable delay and Tide should have completed the transfer sooner
- Based on the information A has provided to this service about the origin of certain payments into their account, A was entitled to the funds that haven’t been returned to them. These funds were received as part of genuine business activity. So Tide should have returned all the funds it was withholding to A

- To put things right, Tide should pay A £200 for the account incorrectly being closed with immediate effect. It should also pay 8% simple on the returned £3,039.90 from 4 October 2022 until 7 November 2022; and it should pay A the £799.54 it ought to have returned paying 8% simple interest on this from 4 October 2022 until settlement

A agreed with what our Investigator said. Tide did not. In short Tide argued that it had enough reason to be concerned about these remaining funds, and they weren't from genuine business activity.

Our Investigator explained that Tide hadn't carried out enough of an investigation when carrying out its review as would be expected, and reiterated that had it done so, A would've provided enough evidence to show they were entitled to the funds.

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 to uphold this complaint in part. I'll explain why.

Financial businesses in the UK, like Tide, 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 they need to restrict, or in some cases go as far as closing, customers' accounts.

Tide has explained and sent us information to show why it decided to review and restrict the account. From what I've seen, I'm satisfied Tide acted in line with its obligations and terms of account when doing so.

I note A would like a more detailed explanation as to why Tide took these actions. But Tide is under no obligation to do so. I would also add 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 Tide has provided is information we consider should be kept confidential.

Tide is entitled to close an account just as a customer may close an account with it. But before Tide 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 Tide and A had to comply with, say 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.

I've already said Tide had legitimate grounds to review and restrict A's account. But given the specific concerns it had, Tide should have carried out a source of funds or proof of entitlement exercise. From the information I've seen, Tide failed to do so. Our Investigator asked A for information about certain payments. And after carefully considering this, I'm satisfied that those payments were borne out of legitimate business activity. So I think A is entitled to the £799.54 Tide didn't return to it.

Had Tide carried out a proper review, I'm persuaded it would likely have given A two months' notice in line with its terms and conditions. It's clear A had another account they could use

given the speed at which they gave this information to Tide after its review had been completed. So I think the ability to carry on their business activity and receive payments would've been limited.

But I do agree that had Tide given A two months' notice it would've suffered less inconvenience than it has here – especially as it would've been able to open another account whilst winding down its use of the Tide account. A is a separate legal entity to that of a private individual – so it can't suffer distress or anxiety, which after all is borne from emotion. So I must consider compensation here for the inconvenience A suffered only. Having done that, I'm persuaded £200 is fair compensation.

A was delayed in receiving their funds because of operational issues Tide faced. So I think it ought to compensate A for the time it's been unfairly deprived of their funds. I'm persuaded that once A provided the information Tide wanted, 4 October 2022 is a reasonable point at which the release of funds ought to have happened - as opposed to 7 November 2022 when it did.

Putting things right

To put things right, Tide should:

- Pay A 8% simple interest on £3,039.90 from 4 October 2022 until 7 November 2022*
- Pay A £799.54. And pay 8% simple interest on this amount from 4 October 2022 up until settlement*
- Pay A £200 compensation for the inconvenience it's been caused

*If Tide considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell A how much it's taken off. It should also give A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I uphold this complaint in part. Tide Platform Ltd must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 12 February 2024.

Ketan Nagla
Ombudsman