

## **The complaint**

V complains that ClearBank Limited trading as Tide (Tide) unfairly blocked and closed its account. V is also unhappy with how long Tide took to release funds in its account. And the customer service provided.

V is represented by Ms T.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Ms T had a business current account with Tide, which she used to make and receive payments in relation to the activities of V.

In February 2023, to comply with its legal and regulatory obligations Tide reviewed V's account. Whilst it completed its review Tide restricted the account and asked Ms T to provide information relating to the nature of V's business, her business associations, and several transactions including cash deposits, that had paid money into V's account. At the time, the balance of V's account was just over £2,600.

Ms T was very upset by Tide's request and V's account being blocked. But she provided Tide some information. Ms T gave a description of her business and details of some transactions. But she said she was unwilling to provide detailed information concerning her customers because she was worried about breaching data protection laws.

In response, Tide said that the information Ms T had provided wasn't sufficient. It explained that it needed the information so that it could comply with its legal and regulatory obligations, and asked Ms T again to provide the information, including any receipts or invoices that she had to explain the activity on her account. Tide also clarified that it didn't want to see personal information relating to Ms T's customers. Ms T refused. She said she wasn't willing to provide anything further and would only do so if Tide obtained a court order.

Following this, Tide decided to close V's account immediately and asked Ms T to provide details of another account so that it could arrange the release of the account balance. Ms T provided this promptly. But Tide didn't return the balance until 2 May 2023.

Ms T complained to Tide. She said the block on V's account had caused her a great deal of stress and anxiety. And the delay in returning the account balance led to her losing customers and falling into arrears with her bills including her rent. She said she received a warning letter from her landlord, had to borrow money from friends which was humiliating and suffered sleepless nights because of Tide holding onto her funds and closing the account. Overall, she said her mental health had deteriorated so badly that she had to increase her medication and began to lose her hair.

Tide apologised for taking too long to return Ms T's money and offered her £250 compensation for any trouble and upset this had caused. But it said it hadn't done anything

wrong when it had blocked and closed her account. And asked Ms T for information. It said it had acted in line with the account terms.

Unhappy with this response, Ms T brought her complaint to our service where one of our investigator's looked into what had happened. Ms T said the amount of compensation offered doesn't adequately reflect the trouble and upset she suffered. She also wants to know why Tide blocked and closed her account.

One of our investigator's looked into Ms T's complaint. After looking at everything she said that Tide's offer was fair. She said that Tide hadn't treated Ms T unfairly when it had blocked and closed her account. So, overall, she said Tide had done enough to put thing right.

Ms T disagreed. She said Tide didn't handle her complaint well and provided very poor customer service, which made her feel like dirt. Ms T's said Tide's actions sabotaged her life and livelihood. And made her mental health conditions much worse. So, she wants more compensation.

As no agreement could be reached the matter has come 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.

I appreciate Ms T was disappointed by the investigator's opinion and I can see that she has provided a detailed response to what she said about her complaint. I'd like to reassure Ms T that I've considered the whole file and what she's said. But I'll concentrate my comments on what I think is relevant. So, I won't be addressing every point in detail which Ms T has raised in her submissions. My findings will focus on what I consider to be the central issues. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair outcome.

Tide has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. And that is what happened here.

As has been explained by Tide and the investigator, the reason why Tide asked Ms T to provide information about how she was using her account was because Tide are obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities. Tide is entitled and obliged to carry out such checks. This applies to both new and existing customers. The terms of Ms T's account also permit Tide to review an account and ask a customer for information.

I appreciate that Ms T may have felt some anxiety about providing Tide with information about her customers. She has said that she was concerned about breaching data protection legislation. And expressed her concern at the time to Tide. However, ultimately, it is Tide who decide what information they do or do not require as part of a due diligence review as they have a duty to protect their customer's money and understand where it came from. Because of that, I can't fairly conclude Tide acted inappropriately when it asked Ms T to provide it with

information about the source of funds in her account, the nature of her business and to explain her connection to businesses and individuals paying money into her account.

Having considered the basis for Tide's review, I find the review was legitimate and carried out in line with its legal and regulatory obligations, so, I'm satisfied Tide acted fairly by blocking Ms T's account and had no obligation to tell her the basis of its concern or forewarn Ms T of its intention. So, I can't say Tide have done anything wrong when it decided to review Ms T's account.

Ms T didn't fully comply with Tide's requests for information. So, Tide continued to block Ms T's account. And then decided to close the account. As Tide are obliged by the FCA to carry out ongoing checks to protect accounts from identify theft, fraud, and financial crime, if they don't receive the necessary information that they request to allay those risks, I do not consider blocking and closing Ms T's account is a disproportionate measure for Tide to take.

In this case Tide closed Ms T's account without notice. For Tide 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 that Tide has provided, I'm satisfied that Tide did. So, it was entitled to close the account as it's already done.

I've then gone on to consider whether the Tide's reasons for closing the account was fair. This can be due to a number of reasons and Tide isn't obliged to give a reason to the customer. Tide has provided some further details of its decision making process, I'm sorry but I can't share this information with Ms T due to its commercial sensitivity. But I've seen nothing to suggest Tide's decision around closing Ms T's account was unfair.

Ms T doesn't appear to dispute Tide wasn't entitled to close her account. The crux of her complaint is that it took too long to return funds when she desperately needed them and about the effect this had. Tide has accepted the service it provided Ms T fell short and that it should have returned Ms T's money to her much sooner than it did. It has offered Ms T £250 compensation for the trouble and upset this caused. So, the only remaining issue for me to decide is whether the amount of compensation offered is fair and reasonable.

I've looked at the screenshots of the in app messages along with the emails between Ms T and Tide. Having done so I'm satisfied that Ms T clearly told Tide that she needed her money. In further communications Ms T said that she couldn't pay her bills in March and April 2023 and provided evidence that her direct debits for her bills were bouncing. She added that she'd had to borrow money from friends to get by and her mental health was suffering. I think these were all indicators that Tide needed to do something to expediate the return of Ms T's funds, having already agreed on 17 February 2023, that it would release her balance to her. But whilst being sympathetic, Tide didn't give Ms T a timeframe. I've included these details because I think they're relevant in understanding the degree of distress and inconvenience Ms T was experiencing.

In my view this was significantly more than annoyance and frustration. Indeed, from reviewing the messages, Ms T was extremely worried and anxious about how she would manage. Ms T told Tide she was losing her hair from the stress of the situation and having to increase her medication. From looking at the timeline of events, I can see that Tide should have released Ms T's funds sooner than it did – it appears Tide had completed its enquiries by 1 March 2023. Tide hasn't explained why it didn't release Ms T's funds on this date. So, I'm satisfied Tide has caused unnecessary delays in releasing Ms T's funds. So, I think it's only right that Tide compensates Ms T for the this. When I weigh everything up, I'm satisfied

that £250 compensation fairly reflects the trouble and upset caused by the delay in releasing Ms T's funds. So, I'm not persuaded to award Ms T more compensation.

### *Customer service and account fees*

Ms T is also unhappy with the level of customer service she received from Tide and how they dealt with her complaint. She says Tide didn't investigate her complaint and shouldn't have used an in app chat to communicate with her. Ms T says a manager should have contacted her to discuss her complaint instead of just going on how other members of Tide staff interpreted her complaint. Because this wasn't done Ms T feels that Tide discriminated against her.

Ms T says she's unhappy that she could only contact Tide via its in app chat facility. And says she should've been able to call Tide and speak to a person. I can appreciate that not being able to pick up the phone to Tide was frustrating for Ms T. But we are not the regulator of firms – so we can't tell them how to run their businesses, or how to design or implement their processes. Tide communicates with its customers via an in app chat facility- that's how it runs its business – and we can't interfere with its commercial decisions.

Ms T also says she is unhappy about how Tide dealt with her complaint. But complaint handling isn't a regulated activity or other covered activity, So, as a general rule, if the complaint is solely about complaint handling, we wouldn't be able to look into things. But where complaint handling forms part of a customer's complaint, then we may look into how the complaint was handled if what the business did has further impacted the crux of the complaint.

Ms T's complaint is that a manager didn't speak to her about her complaint. And Tide didn't investigate her complaint properly – she says the individual who looked at her complaint did so, based on what a colleague had told them. And not on information she had provided. So, I can't say the issue which Ms T has raised about complaint handling is part of the crux of her complaint. So, we can't look into the complaint handling part of her complaint.

Ms T the calls she managed to have with Tide were unproductive, and she found the staff she spoke too rude and unhelpful. Having reviewed the few calls available between Tide and Ms T, I don't see that many of these calls were beneficial to either party. One of the call recordings ends abruptly. Others don't connect and are made when Ms T is unavailable. So, it's difficult for me to draw any specific conclusions on this, given the absence of evidence of how these calls end. But I can appreciate it would be frustrating for Ms T.

Likewise, Ms T asked for a manager to call her back, which didn't materialise. But I'm also not sure there was anything pertinent for a manager to add. Ms T had already been given the relevant information to her query via Tide's in app chat facility. Tide also explained via its in app chat that the team Ms T needed to communicate with don't operate via a direct phone customer line, which is why Ms T didn't receive a call back. In any event, I don't see what further value a call back from the manager would add. I can also see that Ms T received an email from Tide's complaint's department who reassured her that her case would be prioritised and directed Ms T to our service if she remained dissatisfied with the outcome of her complaint, which I consider to be appropriate. Overall, I'm not persuaded that the customer service from Tide was so unreasonable that they need to do anything further to make up for it.

Ms T has also mentioned that she was paying membership fees so, she expected a better service from Tide. However, the account was downgraded to a free membership the day the account was paused, until then she was using the perks offered in the paid membership so I can't say Tide has done anything wrong in charging Ms T the fees. So, I won't be asking

Tide to refund the membership fees.

Finally, I know Ms T says that she is a victim of discrimination because of the level of customer service she received. I appreciate Ms T has said she feels discriminated against, although she hasn't gone into specifics about how the way Tide have treated her is related to any protected characteristics. But I have taken on board what she's said when considering whether Tide treated her fairly and reasonably.

While I can appreciate this is her perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Ms T has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act).

While I appreciate how Tide made Ms T feel and her perspective on why Tide took the actions it has, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Tide would have treated another customer with similar circumstances any differently than Ms T. So, I can't say Tide treated Ms T unfairly.

So, in summary, I don't think that Tide Bank did anything wrong by wanting to obtain further information from Ms T. I also don't think it was being unreasonable when it decided to close the account. But I do think that Tide got things wrong when it took as long as it did to release Ms T's money to her.

As such, to put matters right, if it hasn't already done so Tide should pay Ms T £250 compensation for the distress and inconvenience caused by this matter. I have considered whether compensatory interest should be awarded on the balance of Ms T's account for the period of time that she didn't have access to her money i.e., between when the account was closed and when the funds were transferred to her. But I don't think that is warranted in this case. I say this because I am satisfied that the amount of compensation offered is enough to put things right.

### **My final decision**

ClearBank Limited has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances. So, my final decision is that ClearBank Limited should pay Ms T £250 for the trouble and upset she was caused by the time taken to release V's account balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 3 April 2024.

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Sharon Kerrison  
**Ombudsman**