

The complaint

Mr R complains J.P. Morgan Europe Limited (“JPM”) restricted his accounts without explanation and withheld the funds in them. Mr R says this has caused him distress and inconvenience.

What happened

Mr R’s accounts were restricted in November 2023 and the funds were released to him on 14 February 2024. His accounts were then closed by JPM with immediate effect.

The details of this complaint are well known to both parties, so I won’t repeat them in detail again. Instead, I’ll focus on giving my reasons for my decision.

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 Mr R’s complaint in part. I’ll explain why:

- Banks in the UK, like JPM, 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 banks need to restrict, or in some cases go as far as closing, customers’ accounts.

JPM has explained, and provided me with information, as to why it restricted Mr R’s accounts. Having carefully considered this, I’m satisfied it acted in line with its obligations

- JPM is entitled to close an account just as a customer may close an account with it. But before JPM 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 JPM and Mr R had to comply with, say that it could close the accounts by giving him at least two months’ notice. And in certain circumstances it can close an account immediately or with less notice.

I note Mr R isn’t complaining about his accounts being closed. But having looked at the information given to me by JPM, I’m satisfied it was entitled to close the accounts in the way that it has done

- Mr R wants a detailed explanation as to why JPM restricted his accounts. But JPM 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 banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information JPM has provided is information we consider should be kept confidential

- As I don't think JPM has done anything wrong in restricting and closing Mr R's accounts, I make no award for any distress and inconvenience this caused him. But having looked at all the information, I'm persuaded JPM could have returned the funds to Mr R sooner than it did.

The funds were released in February 2024, but from the information I've seen I'm persuaded the funds should have been returned to Mr R at the end of December 2023. In saying this, I've accounted for all the things JPM say it was doing and waiting on. So, because Mr R has been deprived of his funds longer than he ought reasonably to have had to, JPM should pay him 8% simple interest on his balance from 29 December 2023 up until they were released.

- This avoidable delay would also have caused Mr R some distress and inconvenience especially as he had to borrow from friends and family. I'm satisfied £50 is fair compensation. In reaching this award I also note Mr R had access to his main external account and the funds in there

Putting things right

To put things right, JPM must:

- Pay Mr R 8% simple interest on the balance of his account from 29 December 2023 up until they were released to him in February 2024*
- Pay Mr R £50 compensation

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

My final decision

For the reasons above, I uphold this complaint in part. I now direct J.P. Morgan Europe Limited to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 May 2024.

Ketan Nagla
Ombudsman