

## **The complaint**

Mr K complains that J.P. Morgan Limited (trading as Chase) (Chase) unfairly blocked and closed his account. He is also unhappy about how long Chase took to complete its review and release his balance. He says this has caused him financial problems, upset and worry.

## **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.

Mr K had a personal account and a savings account with Chase.

On 7 March 2023, two payments for £500 and £630 were made into Mr K's account. Following this Chase were notified by another bank that the payments were fraudulent and that their customer had been the victim of scam.

As a result of the report Chase blocked Mr K's account and decided it needed to look into how he was operating his account. Whilst it completed its review Chase blocked Mr K's account. Chase contacted Mr K and asked him about the two payments and to provide proof of his entitlement to the funds.

In response, Mr K said he hadn't done anything wrong and had sold a handbag to someone who had been referred to him. He provided screenshots of conversations he said he'd had with the buyer and bank statements showing where the money that had been paid into his account had originated. Chase reviewed the information but said it wasn't enough to show that Mr K was entitled to the funds. It asked him some more questions about the sale. Mr K said he couldn't provide anything more – he didn't have an advert, or any communications between him and the buyer as the sale had all been done via a referral.

Chase completed its review on 23 March 2023 and sent the two payments back to source. Mr C didn't object to the money being sent back to the sender and asked Chase to unblock his account. Chase told Mr C that it was still reviewing things and would be in touch. But it said it couldn't give him a timeframe about how long things would take.

Mr K continued to contact Chase throughout April 2023 to try and find out what was happening with his account. He explained that the account held his life savings, that the block on his account was causing him stress and his meant he couldn't plan financially. Chase apologised for any inconvenience the block and its review was causing Mr K but wouldn't give him much information.

Mr C complained to Chase. In response, Chase said whilst I appreciated the impact its review had on Mr C, it hadn't done anything wrong and had carried out its review in accordance with the terms and conditions of Mr C's account.

On 31 August 2023, Chase decided to close Mr Ks account immediately. It released Mr Ks balances back to him on 8 September 2023.

Mr K brought his complaint to our service where an investigator looked into what had happened. The investigator reviewed everything and thought Chase hadn't done anything wrong when it had blocked and closed Mr K's account. However, he thought Chase had taken too long to complete its review and release Mr K's balance. So, he said Chase should pay Mr K £125 compensation for the trouble and upset this had caused him, along with interest for loss of use of the money in his account.

Mr K agreed. Chase didn't. It said it hadn't done anything wrong and wasn't happy to pay Mr K any compensation.

As no agreement could be reached the matter came to me to decide. After looking at everything I came to a different conclusion to the investigator. I issued a provision decision setting out my reasons which said the following:

*I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Chase has treated Mr K fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.*

*I can see Mr K feels very strongly about his complaint. That's clear from what's he's said to us and to Chase. Whilst I appreciate Mr K's frustration and how this matter has impacted him, it's important to point out that the only thing in question here is whether Chase has done what it should have done. I think it has and I'll explain why.*

*I'll deal first with Chase's decision to block Mr K's account. Chase has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them.*

*Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. Doing so helps prevent potential financial loss or other harm that could otherwise result. And that's what happened here. I should also add that Chase is not required to prove beyond reasonable doubt that Mr K is guilty of a fraud or financial crime before it decided to block his accounts and carry out a review.*

*I've considered the basis for Chase's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Chase acted fairly by blocking Mr K's accounts and had no obligation to tell him the basis of its concern or forewarn him of its intention. So, I can't say Chase have done anything wrong when it decided to block and review Mr K's accounts.*

*As part of their review, Chase asked Mr K for detailed information about the two payments he received on 7 March 2023, – which they're entitled to do under their regulatory obligations. Having reviewed everything, including the information Mr K submitted I think Chase's requests were reasonable in the circumstances. And I agree that the information Mr K submitted wasn't enough to show he was entitled to the money that had been paid into his account. Because of that, I can't fairly conclude Chase acted inappropriately when it asked Mr K to provide it with information about the source of funds in his account. And*

*decided to return the payments back to source.*

*Mr K has said that Chase took far too long to complete its review of his account and release the money blocked in his account back to him. I've looked at the information Chase has provided about what it was doing as part of its review. And I've taken into consideration what Mr K has said about the money paid into his account.*

*I recognise the overall time this situation took. And I accept that Mr K's account was blocked for around six months, But I do not consider that it would be right for me to conclude it should not have taken in excess of any particular or specific timeframe. Because the bank was entitled – as a matter of principle – to do what it did. I'm also satisfied from looking at the available information that Chase had been proactive in completing its review from the time it blocked Mr K's account. So, I can't say Chase has treated him unfairly in taking the time it has to complete its review.*

*After considering what Mr K has said and the content of Chase's review, I don't find awarding Mr K compensation would be fair or appropriate. I understand Mr K would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.*

*Accordingly, I have accepted information in confidence which I am not disclosing to Mr K. And the description of that information is that it's of a nature which justifies Chase's review, and which has led me to decide that awarding Mr K compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.*

*So, I'm not requiring Chase to compensate Mr K for any trouble and upset he may have experienced as a result of the time taken by Chase carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his account, including his unhappiness with Chase's communication and the information it didn't provide him.*

*I'll next deal with Chase's decision to close Mr K's account. Sometimes following a review, a bank will decide to close an account. Chase is entitled to close an account with Mr K just as he is entitled to close his account with Chase. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.*

*As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. But before Chase closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Chase could close Mr K's accounts by giving at least two months' notice. And in certain circumstances it could close the account immediately.*

*In this case Chase closed Mr K's accounts without notice. For Chase 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 the bank has provided, I'm satisfied that Chase did. So, it was entitled to close the accounts as it's already done.*

*I've then gone on to consider whether the bank's reasons for closing the accounts was fair.*

*This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Chase has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr K due to its commercial sensitivity. But I've seen nothing to suggest Chase's decision around closing Mr K's accounts was unfair.*

*In summary, I realise Mr K will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Chase have treated Mr K unfairly. So, I won't be telling Chase to do anything to resolve Mr K's complaint.*

Mr K didn't respond to my provisional decision. Chase accepted the decision and didn't have anything further to add.

Now both sides have had an opportunity to comment I can go ahead and issue my final 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.

As neither party has provided any further information or evidence for me to consider I see no reason to depart from my findings set out in my provisional decision.

In summary, I appreciate that Mr K will be disappointed by my decision, but I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 May 2024.

Sharon Kerrison  
**Ombudsman**