

The complaint

S, a limited company, complains that Advanced Payment Solutions (trading as Cashplus) unfairly restricted their accounts, and withheld the remaining balance from them. They'd like the account reinstated and the funds returned to them.

What happened

S held an account with Cashplus, which was used for business expenses. But in May 2023 they discovered they couldn't access the account any longer. Cashplus asked them to provide proof of entitlement to a large payment made into the account. S submitted their documents to show the payment was a VAT refund. But Cashplus didn't accept this, and the funds remained restricted.

Unhappy with this S complained, saying they couldn't operate as a business without these funds. Cashplus responded to say that they had restricted the account in line with the terms. They said they had rejected the proof of entitlement provided and asked for any further communication S may have had with HMRC. But as they hadn't received enough evidence, they were not going to release the remaining funds. They later returned the funds to the sending bank.

S wasn't satisfied with this answer, and the complaint was subsequently referred to our service. One of our investigators looked into what happened, but didn't think Cashplus had been unreasonable. They said Cashplus had acted in line with the terms of the account, and this was consistent with their legal and regulatory obligations. Having reviewed the supplied evidence they were satisfied that Cashplus had acted fairly in returning the funds to the sending bank.

Not satisfied with this answer S asked for the complaint to be reviewed by an ombudsman, so 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.

The investigator was right to highlight that Cashplus, like all regulated financial firms in the UK, have strict legal and regulatory obligations to meet when providing accounts to their customers. Broadly these obligations are a requirement to monitor accounts and activity for signs of fraud and financial crime, as well as signs that a customer may be victim of financial harm.

These obligations mean that on occasion they may need to block a customer's account while they look into the account activity, to ensure they're meeting these obligations. There is provision for this in the terms of S' Cashplus account. So, Cashplus haven't been unreasonable in initially blocking S' account and asking for further information about the payment received. It isn't always possible, or indeed sensible, to let customers know in

advance of any blocks or restrictions. So, I'm not persuaded that Cashplus should have warned S in advance.

Cashplus aren't any specific obligation to explain to S why they've decided to carry out a review – and haven't done so here, although they have asked for further information about a specific payment received. Our service can treat certain evidence received in confidence, if the ombudsman considers in appropriate – such as if its commercially sensitive. In this case I consider it appropriate that Cashplus' reasoning to be kept confidential, so I won't detail this in full here. But I'm satisfied that their decision to review S' account was appropriate and in line with their legal and regulatory obligations.

Ultimately Cashplus took the decision to close the account, which they were entitled to do. The terms however only allow them to close the account without any notice in specific circumstances. Having reviewed the terms and the circumstances of S' complaint, I'm satisfied this was a reasonable decision.

Cashplus returned the remaining balance of the account to the sending bank. I've considered this carefully. The terms of the account say that if Cashplus receive a request to return a payment from a sending bank that they should not have made, they will take it from the account and return it.

I've reviewed Cashplus' reasons for returning these funds. I've also considered the evidence S has shown us about their entitlement to these funds. S has referred to it as a cheque deposit, but Cashplus have confirmed they don't accept cheque deposits, so this seems unlikely. Overall, I'm not persuaded that S has demonstrated their entitlement to these funds. I find that the balance of evidence shows it was reasonable for the funds to be returned to the sending bank. So, I don't see that Cashplus have been unreasonable in doing so, of that they need to return these funds to S.

Overall, I'm minded that Cashplus have acted in line with their terms, and their wider legal and regulatory obligations, in how they handled the restriction and closure of S' account. As such I'm not asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 20 May 2024.

Thom Bennett
Ombudsman