

## **The complaint**

Mr B complains that CROWD PROPERTY LIMITED trading as CrowdProperty (“CP”) has prevented him from transferring loans owned by the limited company that he was director of to his personal account. This has led to him being unable to access his investment.

## **What happened**

Mr B was the controlling director of a limited company which held a peer-to-peer (P2P) lending account with CP. As the company was to be liquidated, in April 2022, Mr B made an inquiry about the options available in respect of the loan portfolio. He says he was told that before liquidating the company he would need to transfer the investments to another person.

In July 2022, Mr B arranged to purchase the loans from his company and contacted CP to inform it of this. CP replied to say its banking provider was looking into the transaction.

In August 2022, Mr B was informed he would need to set up a personal account to hold the investments. He went on to set up the new account with CP. Around this time Mr B commenced the liquidation of his company.

A few months past and the investments hadn’t been transferred to his new account, so Mr B chased CP. Mr B eventually received a response in December 2022. He was told it wouldn’t be possible to complete the transfer the loans. He was told he either had to credit his personal account with funds to purchase the investments held by his limited company or leave the funds invested in the business account to mature and withdraw as and when funds become available. But he found neither of these options to be viable.

Mr B was unhappy with this response, so followed up with further questions. As he didn’t receive a satisfactory explanation, he raised a complaint with CP. The basis of his complaint was CP had changed its rules without informing him, which left him in the position where around £25,000 of his assets were not accessible to him. He said CP failed to action the transfer at the point it said it would and/or inform him of the change in the rules before his company was liquidated. So, he felt CP needed to solve the issue and ensure he can access his assets.

CP responded to the complaint but it didn’t uphold it. In summary it said it was not permitted to credit Mr B’s personal wallet with the investments and cash held in his company’s wallet as per the Anti Money Laundering (AML) rules, regulations and internal procedures it is obliged to comply with. It also said the terms and conditions do not permit secondary market transfers.

Mr B wasn’t happy with the response, so referred his complaint to this service for an independent review. One of our investigator’s looked into the complaint. He didn’t uphold it. In summary he said:

- CP’s terms and conditions mean there was no obligation to allow any transfer of loans prior to the maturity.

- CP did attempt to help Mr B make the transfer initially, but by the time the contract note for the transfer of assets was provided in July 2022, the banking provider for CP was in the process of strengthening its AML controls. This process change meant in order to complete the transfer Mr B now had to open an account on CP's platform, and the transfer needed to be completed within the platform including the purchase of the loans.
- While it is an inconvenience for Mr B, it's a reasonable expectation that when transacting like this, AML measures must be adhered to, and that these can change over time. It's not CP's fault its banking providers requirements changed.
- In April 2022, CP told Mr B he had to complete the transfer before the dissolution of his company, but he started the liquidation process before the transfers had completed. Had he not started the liquidation process, then the matter could've been resolved.
- There are currently two options available. Mr B credits his CP personal account with the funds necessary to allow the transfer to go ahead or wait for the existing loans to mature from the limited company's account and then the cash proceeds can be paid to the liquidator over time for distribution to him. But this should be discussed with the liquidator.

Mr B didn't accept the assessment and requested that an ombudsman makes a final decision on his complaint. He felt his submissions hadn't been fully considered. In summary he said:

- He did not commence the liquidation process until after he had been informed by CP its banking provider had accepted the legal agreement for the transfer and his personal account had been set up.
- The key point is and always has been that CP and its bank accepted the assets had been transferred to him in his personal capacity, but then did not action the transfer when it said it would and the bank later changed its AML procedures. If CP had done what it agreed to do when it said it would, then he would not be in this situation.

CP provided some further comments for the ombudsman. It said its banking providers' systems do not allow for a one-sided transfer and that CP does not operate a secondary market for loans.

### **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.

At the outset, I'd like to confirm the complaint I'm considering is a complaint brought by Mr B in his personal capacity. While I will make reference to his former company that is now in liquidation, I'm not making a finding on anything that directly relates to concerns he may have in his position as sole director of this company.

The crux of the issues revolved around Mr B's desire to gain receipt of investments previously held in an account by the liquidated company he controlled. As the investigator mentioned, and CP has confirmed, the terms of CP's P2P lending account don't cover for loans to be transferred between accounts, and there was no secondary market in operation

to facilitate a transfer on the platform. I haven't seen evidence that Mr B had a contractual right to receive the investments in his personal capacity.

CP did initially try to help Mr B with his request to gain control of the assets, but ultimately this has failed and the investments are still in the company's account on the platform. So, I've considered if there were failings by CP that have led to this situation and if so if it has caused Mr B a loss.

There is evidence that CP told Mr B it would be possible, once it received proof of transfer, to move funds and investments to him personally as a change in ownership. But after Mr B provided proof of transfer and opening a new account in his personal name to receive the investments, CP explained in actual fact it couldn't proceed on this basis. The reason provided was due to the requirements of its third-party banking provider, so it couldn't complete the transfer as first envisaged.

From the evidence I've reviewed it does seem that a change in process by CP's bankers meant the transfer of assets couldn't proceed as first intended. I haven't found that this was something CP was aware or had influence over. It has confirmed all client money on the platform is held by its banking provider, and so this is the only party who can affect transfers. Where the banking provider refused to accept Mr B's request, CP says it does not have the powers necessary to circumvent the process. I find it is reasonable for CP to accept the process set out by its banking provider. So, I haven't found reason to say Mr B has been treated unfairly by it not agreeing to transfer the investments to him "off platform".

But the communication provided by CP to Mr B hasn't always been as clear as it could have been. This includes the fact in August 2022 it did tell Mr B that the legal agreement for the transfer had been accepted by the banking provider, only later to say the transfer couldn't proceed. I also note there was a period of several weeks where Mr B understood the transfer would be arranged when in actual fact it couldn't be. Mr B was struggling to get answers until it was confirmed around December 2022 that the transfer couldn't go ahead as Mr B expected. CP has also conceded that it didn't tell Mr B when it messaged him in August 2022, following the opening of the new account, that he would need to provide funds to complete a transfer on the platform equal to the assets held in the existing company account – and it was several weeks before Mr B was told this was a requirement for the transfer to go ahead.

But ultimately, I don't think this is what prevented Mr B from completing the transfer, as explained above, this was driven by the banking provider making a decision to change procedures. While it would have been prudent to explain this to Mr B as soon as possible, I have seen that CP were seeking clarification as to the position of the transfer during the summer of 2022 with the banking provider. I'm satisfied the position wasn't completely clear to CP for a while and this contributed to the lack of clear communications to Mr B. I accept Mr B commenced liquidation of the company as CP's communications indicated to him the transfer would be able to proceed. But he was warned the assets would need to be transferred before the company was dissolved – and this wasn't confirmed as complete to him.

Mr B says he has lost out due to CP's actions as he used his savings to purchase the loan portfolio. I understand Mr B provided funds in July 2022 to the limited company as payment to be used to purchase the loans. From the information provided by the liquidator, it seems Mr B (as the sole shareholder) then received distributions from the company's bank account around the same time. So it would appear he hasn't lost out financially through this transaction. But Mr B feels he has lost out due to not being able to access the loan portfolio despite using his savings to purchase it.

I appreciate that Mr B doesn't currently have control of the portfolio, but I think this is different to saying he has suffered a loss. I note CP has provided Mr B with two options to allow him to gain access to the funds. Firstly, he can credit the wallet on his personal CP account, to allow for the transfer to be completed "on platform". Secondly, as the invested funds are repaid by borrowers, they can be transferred via the liquidator to Mr B as a share distribution. The liquidator of his company has confirmed to this service this is possible. But if followed, this option will take a period of time to complete as I understand the loan terms for some investments don't end until 2025. While Mr B doesn't find these options viable, I am satisfied CP has made reasonable attempts to allow Mr B to achieve his aim of holding the invested funds in his own name.

In conclusion, while I understand Mr B's frustration regarding the transfer of investments not completing, I haven't found CP to be at fault for this.

### **My final decision**

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 June 2024.

Daniel Little  
**Ombudsman**