

The complaint

S is a company and has been represented in this complaint by its director and shareholder, Ms B. S complains that Tide Platform Ltd blocked its account for some two months, without good reason.

What happened

Ms B has explained that she took a decision to start a business in property development and management. Her business would initially be funded by director's loans, which she would transfer from her personal account with a different provider to S's account with Tide.

On 25 May 2023 S received a payment into its account from Ms B's personal account. Tide held the payment while it requested more information about it from Ms B. Ms B says that she provided all the information which Tide requested and which showed that the payment was intended for a firm of solicitors which was acting for S in the purchase of an investment property. Contracts were due to be exchanged shortly, and the payment represented the deposit.

Tide considered the information which Ms B had provided on behalf of S. It did not immediately release the funds, and it restricted S's account while it was considering what Ms B had provided.

Ms B thought that Tide was acting fraudulently in acting as it did. She instructed her account provider to recall the payment for that reason. Her personal account provider filed a fraud report and investigated the transaction. It concluded that investigation in June 2023 and told Tide at the end of July 2023 that its fraud investigation had been completed. Funds were released shortly after that, the property purchase was completed and tenants began paying rent to S in around August 2023.

In the meantime, Ms B had referred the matter to this service and instructed solicitors. Whilst she has legal expenses insurance, she has had to contribute £500 towards their fees. Ms B says that Tide should meet this payment. In addition to the inconvenience caused by Tide's actions, Ms B says that the delay in completing the property purchase meant that it could not be leased until around two months later than should have been the case; S has lost around £1,800 in rent as a result.

One of our investigators considered what had happened but did not recommend that S's complaint be upheld. He concluded that Tide had been within its rights to block the payment and to ask questions about it and about the wider operation of the account. It was also under an obligation to block the account while it investigated the fraud claim, and it was not responsible for any delays in doing so.

Ms B did not accept the investigator's assessment and asked that an ombudsman review the case.

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 have reached the same overall conclusions as the investigator did, and for similar reasons.

Account providers can generally seek information about payments into and out of accounts and can restrict accounts while they do so. In some cases, they may have a legal or regulatory obligation to act in that way. S's account had not been open for long and there had been little business activity on it. I can understand why Tide wanted to know more about the payment into it.

Ms B told Tide about the sources of funds into the account, which included personal savings, the proceeds of a remortgage and a payment from a legal dispute. They were documented, but I believe it would still have taken Tide some time to review what Ms B had provided.

I believe however that matters were further complicated by the fraud report. I do not believe that I can fairly say that Tide should have lifted restrictions on S's account until that was resolved. And it was not resolved until Ms B's own bank account had told Tide that it was. Whilst that took longer than might usually be the case, I cannot safely conclude that Tide was responsible for any delay.

I have indicated the losses that Ms B says she and S have suffered, but I am not persuaded that Tide was responsible for them. It follows that I cannot properly uphold S's complaint.

My final decision

For these reasons, my final decision is that I do not uphold S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 10 June 2024.

Mike Ingram
Ombudsman