

The complaint

Ms B complains Advanced Payment Solutions Limited, trading as Cashplus (“Cashplus”) blocked and closed her account - and that it withheld her funds.

Ms B says Cashplus’ actions have caused her substantive distress and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision

In July 2023, following a request by Ms B to have her account deposit limit increased, Cashplus blocked her account. Cashplus also informed Ms B that it would be closing her account in two months’ time.

Ms B had around £1,100 in her account. Unhappy with Cashplus’ actions, Ms B complained. Cashplus didn’t uphold Ms B’s complaint. In summary, the key points it made in its complaint response were:

- It had restricted the account in line with its regulatory obligations and terms of account
- An account can be restricted anytime and without notice
- Ms B was issued with a 60-day closure notice in line with the terms of the account. Ms B will not be permitted use of the account during this time
- Funds in the account will be returned to source, and there are no other funds to return to Ms B

Ms B referred her complaint to this service. One of our Investigator’s looked into her complaint, and they recommended it be upheld in part. In summary, their key findings were:

- Cashplus has regulatory obligations which means its often required to carry out reviews and block accounts
- It’s also entitled to close an account and isn’t required to give an explanation. Based on the information Cashplus provided, it acted in line with the account terms when closing the account
- Cashplus closed Ms B’s account on 13 September 2023, but it didn’t ask her for the evidence it needed to release funds it was holding until February 2024. This meant the funds weren’t released until March 2024. As there isn’t a good reason for the delay, Cashplus should pay Ms B 8% simple interest on her account balance from the date of the block until the funds were released

- Cashplus should also pay £150 to Ms B for the distress it caused her

Cashplus didn't agree with what our Investigator said. In short, Cashplus says it has acted in a timely way and in line with its processes given the concerns it had. As there's no agreement, this complaint 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.

Having done so, I have decided to uphold this complaint in part. I'll explain why.

Financial businesses in the UK, like Cashplus, 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 regulated businesses need to restrict, or in some cases go as far as closing, customers' accounts.

Cashplus has explained and provided information to show why it reviewed and blocked Ms B's account. Having carefully considered this, I'm satisfied it's done so in line with its obligations.

Cashplus is entitled to close an account just as a customer may close an account with it. But before Cashplus 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 Cashplus and Ms B had to comply with, say that it could close the account by giving her at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

Cashplus gave Ms B 60 days' notice. But as it continued to restrict access to the account until closure, I think it's fair that this should be treated as an immediate closure. And based on the information Cashplus has provided me to show why it acted in the way it did, I think it ought to have done much more of an investigation and due diligence activities, specifically with establishing origin of funds, in a timely manner before closing the account in the way it did.

Ms B had another external account, so I think the loss of her Cashplus account wouldn't have left her without an account. But as I've already alluded to, I'm persuaded Cashplus failed to carry out actions I'd expect it to do so much sooner. In turn this has caused substantive delay to Ms B gaining access to her funds.

Where a consumer has been deprived of access to funds wrongly, it is this service's approach to award 8% simple interest. Because of that, and what I've said about Ms B being unfairly deprived of access, Cashplus should pay Ms B 8% simple interest from when it blocked her account until the funds were returned to her.

It's understandable why Ms B would want a detailed explanation as to why Cashplus acted in the way it did. But it has no obligation to do so.

Ms B has explained in detail the impact of not having access to these funds had on her mental health. I don't undervalue what she has said, but I note she was being paid substantive compensation from a third-party bank which prompted her to ask for the deposit balance to be extended.

But I don't doubt not having access to what was clearly essential funds would have caused distress and inconvenience. Because of that, I'm persuaded Cashplus should pay Ms B £150 compensation.

Putting things right

To put things right, Cashplus should:

- Pay Ms B 8% on the balance of her account when it was restricted in July 2023 up until settlement*
- Pay Ms B £150 compensation for the distress and inconvenience caused

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

My final decision

For the reasons above, I uphold this complaint in part. Advanced Payment Solutions Limited, trading as Cashplus, must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 1 July 2024.

Ketan Nagla
Ombudsman