

The complaint

Miss A complains J.P. Morgan Europe Limited, trading as Chase, blocked her accounts without warning or explanation.

To keep matters simple, I'll refer mainly to "Chase" in my decision. Miss A says Chase's 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 November 2023, following a review, Chase blocked Miss A's accounts. This meant Miss A had no access to her accounts. Unhappy with Chase's actions, Miss A complained.

Chase didn't uphold Miss A's complaint. Chase told Miss A that following a review it had blocked her accounts to undertake further checks. And did so in line with the terms of the accounts. Miss A referred her complaint to this service. One of our Investigator's looked into it, and they recommended it be upheld. In summary, their key findings were:

- Banks can block accounts to meet their legal and regulatory obligations and don't have to provide an explanation nor a timeframe
- Based on the information provided, Chase should pay 8% compensation on Miss A's current account from 10 November 2023 to the date the funds were released. And it should pay the account interest rate for the same date range for the savings account
- Based on the information provided, Chase couldn't close Miss A's accounts in the way it did
- Miss A spent substantive time on making calls to Chase because of what it did and had to re-arrange her direct debits. Miss A had other bank accounts so wasn't without banking services, as well as access to other funds. Chase should pay her £150 compensation

Miss A agreed with what our Investigator said. Chase didn't.

As there is 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. I'll explain why.

Banks in the UK, like Chase, 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 banks need to restrict, or in some cases go as far as closing, customers' accounts.

Chase is under no obligation to provide an explanation to Miss A for why it restricted her accounts. But it should provide this service with enough information for us to determine it has acted fairly and reasonably in doing so.

Having carefully considered all the information Chase has provided, I'm persuaded that it hasn't done enough to show the restrictions placed have been done fairly, in line with the terms of the account, and its wider obligations. I'm satisfied that Chase have had sufficient opportunity to do so following reasonable attempts by our Investigator.

Chase is entitled to close an account just as a customer may close an account with it. But before Chase 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 Chase and Miss A had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Chase in effect closed Miss A's accounts with immediate notice, given they were restricted until closure. Similarly, Chase hasn't provided me with sufficient information to show it closed the accounts in line with its terms of account – and did so fairly and reasonably. So it follows that I find it hasn't done so.

As Miss A has been deprived access to her funds, Chase will need to compensate her. In line with this service's approach, Chase must pay 8% simple interest on the current account balance from the time it was restricted to settlement. Chase should also pay the prevailing interest rate on the savings account for the same period.

Miss A had access to other accounts and funds, so the impact of Chase's actions is somewhat mitigated. However Chase has shown that Miss A made several calls to find out what was going on. It's also more than acceptable that Chase's actions caused her some distress. I also note Miss A had to rearrange some of her regular payments.

Having carefully weighed this up, I'm satisfied £150 is fair compensation for the distress and inconvenience Miss A suffered.

Putting things right

To put things right, Chase must:

- Pay Miss A 8% simple interest on her current account funds from the date it was restricted in November 2023 up until settlement*
- Pay Miss A the prevailing rate of interest on the funds in her savings account from the date it was restricted in November 2023 up until settlement*
- Pay Miss A £150 compensation

* If Chase considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss A how much it's taken off. It should also give Miss A 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 have decided to uphold this complaint. J.P. Morgan Europe Limited, trading as Chase, must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 11 October 2024.

Ketan Nagla
Ombudsman