

## The complaint

Mr W complains Zempler Bank Limited trading as Cashplus Bank unfairly blocked his account and provided a poor service whilst it reviewed his account.

## What happened

In late July 2023 Cashplus blocked Mr W's account. On 2 August 2023 Cashplus asked Mr W questions about his account in order for it to carry out its review, in line with its regulatory duties.

Mr W responded to the request on 3 August 2023. Mr W provided answers to the queries but explained he would not be sending his external account statements. Mr W raised concerns about GDPR and privacy. In particular Mr W said that the channel offered by Cashplus was not secure or encrypted and it should provide a secure link for him to upload the requested documents. As Mr W didn't receive a response to his query, the information wasn't submitted and on 24 August 2023 Cashplus returned the payment in question back to source and issued a notice to close letter.

Mr W raised a formal complaint about the handling of his account and the service provided by Cashplus. In its final response letter, which was issued on 24 August 2023 Cashplus explained it was obliged to carry out the account review and it didn't agree that it had incorrectly held onto funds. Cashplus said that it didn't make any errors and it wouldn't be upholding Mr W's concerns.

Mr W referred his complaint to our service. An Investigator reviewed Mr W's complaint. They upheld Mr W's complaint and in summary, explained the following:

- Cashplus acted fairly in blocking the account given its regulatory obligations.
- Mr W requested the account be closed, but it was reasonable for Cashplus to keep the account open whilst it completed its review.
- Mr W's subject access request was dealt with in a timely manner.
- There wasn't evidence to Cashplus ought to be liable for the interest Mr W says he had incurred on a loan repayment.
- However, Cashplus' review took longer than it should've in the circumstances and Cashplus didn't engage with the points Mr W raised.
- Cashplus returned the funds on 24 August 2023, but they should've been returned sooner.
- Cashplus should pay 8% simple interest (per annum) on the funds from 4 August 2023 until 24 August 2023.

Mr W agreed overall with the recommendations. Cashplus didn't agree. It explained it doesn't provide an alternative process for sending documents and there wasn't an undue delay in releasing Mr W's funds. As no agreement could be reached, the case has been referred to me – an ombudsman – for a final decision.

## **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.

### *Account block*

Cashplus is strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customer's accounts – either in full or partially while they carry out their review. As part of the review, Cashplus is also able to make enquiries about transactions on an account. These measures help ensure Cashplus is able to effectively meet its obligations in relation to financial crime.

Mr W's account terms and conditions also allow Cashplus to block the account to ensure it's able to comply with its regulatory requirements. I understand Mr W's frustration with the block, and I don't doubt it would've had a detrimental impact on him. I've looked at the reasons Cashplus placed blocks on the account, and I'm satisfied Cashplus acted in line with its obligations and acted both fairly and reasonably. So, I don't think Cashplus did anything wrong when restricting Mr W's account.

### *Delays and poor service*

Given the severity and impact an account block can have, there is an expectation that any account review will be carried out in a timely manner. There is no set timeframe in place, and a reasonable timeframe will depend on the circumstances and evidence required.

In Mr W's case I can see that Cashplus asked for information to be sent for it to complete its review. In response Mr W raises what I consider to be reasonable questions about how he is expected to send over sensitive information. Cashplus says it has a portal but this is for identification verification documents only. A separate portal isn't available, and Mr W could've encrypted the documents and sent them to Cashplus

I understand Cashplus has a set process in place, and it wouldn't be reasonable to expect it to change its process in light of Mr W's comments. However, I think Cashplus should've explained the matter to Mr W and clearly outlined his options. Cashplus says it contacted Mr W by phone but I note this was before it outlined its requirements to Mr W. Following Mr W's email of 3 August 2023, I can't see that Cashplus engaged with the points raised, and this understandably added to Mr W's frustration with the account block.

Cashplus returned the payment on 24 August 2023, without the documents from Mr W. This suggests that it had adequate information based on Mr W's other responses to return the funds. Further, based on the evidence I've seen I can't see that any further investigation or review was carried out between its request for details on 2 August 2023 to 24 August 2023. I would've expected Cashplus to act in a timelier manner and given the details it had available it could've returned the funds sooner than it did.

It follows that by not removing the account block and returning the payment in question to Mr W's external account within a reasonable timeframe Mr W has unfairly lost out. To fairly resolve Mr W's complaint Cashplus should compensate Mr W as detailed below.

### **Putting things right**

To put things right, Zempler Bank Limited trading as Cashplus Bank, must:

- Pay 8% simple interest per annum on the funds it held between 4 August 2023 to 24

August 2023.

**My final decision**

My final decision is that I uphold this complaint. I now direct Zempler Bank Limited trading as Cashplus Bank to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 September 2024.

Chandni Green  
**Ombudsman**