

The complaint

Mr B complains that Zempler Bank Limited took too long to review his account and blocked him from using it during the 60-day notice period they gave when they decided to close his account.

What happened

On 10 January 2024 Mr B received an email from Zempler Bank to say that they had blocked his account whilst they undertook a review in line with their regulatory requirements.

Mr B emailed Zempler Bank on 27 January 2024 to complain that he had not received any further update on their review or been provided with a timeframe for response. He asked whether Zempler Bank were willing to settle the matter by paying him £200.

On 30 January 2024 Zempler Bank issued Mr B with notice that they would be closing his account.

Zempler Bank then responded to Mr B's complaint on 15 February 2024 explaining that they had a regulatory obligation to carry out reviews on customer accounts and that after a full review they had decided to close his account and provided 60-days notice, which they said was in line with their terms and conditions. Zempler Bank explained that this was a business decision and that Mr B was no longer able to use his account. They apologised for the lack of communication during their review, but did not uphold his complaint.

Mr B was unhappy with Zempler Bank's response to his complaint and so he contacted our service on 5 March 2024.

Our investigator upheld Mr B's complaint, as Zempler Bank had taken too long when reviewing Mr B's account and they felt it would have been fairer not to have blocked Mr B's account during the 60-day notice period. They recommended Zempler Bank pay Mr B £50.

Mr B accepted our decision, but Zempler Bank disagreed with the investigator's view and so asked for an Ombudsman to consider the complaint. As such this complaint has come to me to make 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.

I've decided to uphold Mr B's complaint. I will explain the reasons for my decision below.

Zempler Bank, as with all banks, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations when providing account services to customers.

Those obligations can broadly be summarised as a responsibility to know their customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm. It is common industry practice to block accounts while they are under review.

To comply with their legal and regulatory obligations, financial businesses such as Zempler Bank will review their customers' accounts, which can either be periodic or event driven. Having looked at all the evidence and information provided in this case, I'm satisfied that Zempler Bank have provided evidence to support their reasons for reviewing and blocking Mr B's account whilst they undertook that review and that these were in line with their obligations.

However, I consider Zempler Bank took too long to review Mr B's account. Whilst I understand Zempler Bank has a 30-day internal service standard for completing such reviews, I have seen evidence that Zempler Bank did not undertake any work to review Mr B's account until 30 January 2024, which is 20 days after it had blocked his account.

Zempler Bank did not request any further information from Mr B or any other source as part of their review and completed their review that same day. This indicates there were minimal investigative steps required for Zempler Bank to reach their decision and as such I consider 20 days to be an excessive amount of time for Zempler Bank to undertake that work.

It's generally for financial institutions to decide whether they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts. Providing an account to a customer is a commercial decision that a financial institution is entitled to take.

Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. However, a bank should still make sure it hasn't exercised its discretion for plainly unfair reasons, or that it was due to a mistake, and it should still comply with its terms and conditions.

The terms and conditions that applied to Mr B's account set out that Zempler Bank could close his account for any reason by giving at least two months' written notice. Having looked at these terms and conditions and all the evidence that Zempler Bank and Mr B have provided, I'm satisfied that Zempler Bank were entitled to close Mr B's account.

However, Zempler Bank blocked Mr B's use of his account during the 60-day notice period, which effectively gave Mr B no notice after they advised him they would close his account. Whilst Zempler Bank's decision to block Mr B's account whilst they carried out their review was in line with its terms and conditions, I haven't seen Zempler Bank took any further action to reasonably conclude the block should remain in place for the whole of the notice period.

Having considered the evidence Mr B has provided to us about how he used his account and the source of his funds, I can't reasonably conclude that Zempler Bank acted fairly by blocking Mr B's account for the whole of the notice period.

Finally, Mr B had a balance of £0.01 on his account when it was closed and he has asked for that to be returned to him as a matter of principal. Zempler Bank has told us that it will return that balance to Mr B.

Putting things right

In view of the above I require Zempler Bank to:

Pay Mr B £50 for the distress and inconvenience he experienced as a result of the time Zempler Bank took to review his account and for blocking his account for the whole of the

60-day notice period. I note that Mr B had other accounts he could use to meet his banking needs during this time and so consider this caused him only minimal inconvenience.

Return the closing balance to Mr B.

My final decision

My final decision is I uphold the complaint and subject to Mr B accepting this decision, Zempler Bank Limited need to pay compensation to him according to my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 April 2025.

Matthew Warrington
Ombudsman