

## **The complaint**

Miss D complains that Equals Money UK Limited (trading as Card One Money) blocked and closed her account.

Miss D is also unhappy about the service she received from Card One Money regarding the return of her account balance.

To put things right Miss D wants Card One Money to pay her compensation for the trouble and upset the matter has caused.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 20 July 2021, Miss D applied for a Card One Money personal account. Miss D's application automatically passed Card One Money's Know Your Customer (KYC) checks and therefore no identification evidence was required at the time of opening the account. This account was dormant with no activity.

On 20 January 2024, Miss D applied for a Card One Money business account. Miss D told Card One Money that this account was for her online selling business. Following receipt of satisfactory evidence, the business account was successfully opened on 25 January 2024.

On 7 February 2024 two credits for £5,897.12 and £29,45.20 were paid into Miss D's business account. Both credits were Miss D's personal employer pension payments and not for business use. Following review of the credits Card One Money made a business decision to return the amounts to source as they were not business credits. Card One Money also told Miss D that it would accept the credits into a personal account.

On 8 February 2024, Miss D made an application for another Card One Money personal account; as Miss D already had a dormant account, Card One Money requested proof of ID and address from Miss D in order to reactivate this account. Miss D provided her documents, and the account was reactivated for her to use. Following this on 13 and 14 February 2024, pension credits of £5,000.00, £5,774.32 and £24,045.20 were paid into Miss D's personal account.

On 22 February 2024, Miss D contacted Card One Money. To verify Miss D Card One Money asked Miss D some security questions. Unfortunately, Miss D failed to clear the security questions. So, Card One Money blocked her account. Following this, Card One Money requested a proof of ID, along with a picture of Miss D holding her ID and proof of address dated from February 2024 onwards.

Miss D provided everything, however, Card One Money had further security concerns. So, on 23 February 2024, following further investigation, Card One Money made a business decision to withdraw banking facilities with immediate effect in line with the terms and

conditions. And issued a cheque for the remaining balance to Miss D's home address via recorded delivery. Miss D was informed the same day via telephone call.

Miss D complained and said that she didn't have a high street bank account into which she could pay a cheque. So, she asked Card One Money to return the funds to her employer. Card One Money apologised and said it was unable to do this as a portion of the funds had already been spent and it could only do a return to source for the full value of the funds.

On 29 February 2024, the cheque was issued and sent to Miss D via recorded delivery.

On 18 March 2024, Miss D contacted Card One Money and said that she had been unable to open an account where she could deposit a cheque. She explained that due to not having access to her funds she was facing eviction, because she couldn't pay her rent, and that her mental health was being impacted so much so that she felt suicidal. She also told Card One Money that she had to borrow money to pay for everyday essentials and had been told she'd need to go to court because she couldn't pay her rent. Card One Money said it would look into how it could get Miss D's money back to her.

On 11 April 2024, Card One Money tried to contact Miss D to discuss things, but were unsuccessful. Card One Money reviewed things again. It was at this point that Card One Money arranged a Zoom call with Miss D at which they were able to verify Miss D's identity and agreed to cancel the cheque and send Miss D's balance to another of her accounts electronically. While there were some issues in the payment being received initially due to the limits set on the other account, payments were made in tranches until the whole of your balance was returned to Miss D.

Miss D complained to Card One Money. She said they had discriminated against her when it had decided to close her account on the basis of her ethnicity. Miss D believes it took the decision once it had seen her passport. Miss D said Card One Money deliberately sent her a cheque for her closing balance knowing she couldn't deposit it. And pointed out that she had provided all the information Card One Money has requested.

In response, Card One Money said it had closed Miss D's account in line with its terms and conditions because it had security concerns. And that the documents Miss D provided hadn't satisfied its due diligence checks.

Miss D remained unhappy, so she brought her complaint to our service. Miss D said she had been treated like a low life criminal and hadn't been able to pay her rent for a month, which was very stressful. One of our investigators looked into what had happened and they asked Miss D and Card One Money for some more information.

After reviewing everything the investigator didn't think Card One Money had treated Miss D unfairly. So, she didn't uphold the complaint.

Miss D disagreed. In summary she said:

- Card One Money shouldn't have reviewed the account in the first place. She thinks she was wrongly locked out of her account.
- Card One Money knew she didn't want a cheque and that this would cause further problems for her being able to access her pension funds.
- She had provided everything Card One Money requested and she was treated like a suspect.

As no agreement could be reached the matter has come 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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all of Miss D's submissions. I've also listened to the available calls between Miss D and Card One Money. And watched the zoom call that took place between them.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information Card One Money has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Miss D, but I'd like to reassure her that I have considered everything.

It might be helpful for me to say here that, as we are not the regulator, I cannot make Card One Money change its policies or procedures – such as when or how it invokes fraud prevention measures when it has concerns about the activity on an account or identity of an account holder. We have no regulatory or disciplinary role. So, the question I have to ask here is whether the security measures Card One Money had in place were reasonable and if they were applied fairly when they decided to block and close Miss D's account.

Further, it's important to note that this service cannot make a legal finding the Equality Act has been breached or that Card One Money's actions amounted to race discrimination, as Miss D has suggested, the Act makes clear that this is a matter for the courts. However, as part of my investigation I do take the law, best practice and industry guidance into account so I can make a finding on whether I think Miss D has been treated fairly and reasonably.

As the investigator has already explained, Card One Money has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads to payment instructions being declined, accounts being blocked, and funds in accounts being withheld from account holders. The terms and conditions of Miss D's account also make provision for this.

As I've said above it's not for me to tell Card One Money how to run its business, but I would expect Card One Money to have systems and procedures in place to protect its customers against fraud – and I think Miss D would agree and understand that. Banks and financial businesses have an obligation to try and keep their customer's accounts safe and prevent them from being victims of fraud and scams.

I've listened to the calls between Miss D and Card One Money – unfortunately, Miss D couldn't answer the questions and provided incorrect information about recent transactions. So, Card One Money blocked Miss D's account. This can cause distress and inconvenience to a customer. But it doesn't mean they have acted incorrectly. Regardless of what Miss D was trying to do she was unable to provide the correct answers to the security questions,

which meant she'd failed security and from Card One Money's perspective the account was potentially compromised. And so, in this situation Card One Money took what I think is a reasonable action by blocking Miss D's account until it could ensure the security of the account by Miss D providing her identification and information. So, I don't think Card One Money treated Miss D unfairly.

I've next gone on to consider whether Card One Money acted fairly when it closed Miss D's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

Card One Money is also entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Card One Money should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Card One Money have relied on the terms and conditions when closing Miss D's account. I've reviewed the terms, and they explain that Card One Money can close an account for any reason by giving 60 days' notice. In certain circumstances, Card One Money could also close the account without notice, which is what happened here.

For Card One Money to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence Card One Money has provided, including the information it has provided to this service in confidence, I'm satisfied that Card One Money did. And that it was entitled to close the account as it's already done. So, I can't conclude that Card One Money treated Miss D unfairly when it closed her account.

I understand of course why Miss D wants to know the exact reasons behind Card One Money's decision to close her account, other than what she's been previously told. And I can see that Miss D has asked Card One Money to explain itself on several occasions. And argued that all her documentation was correct. But Card One Money doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Miss D the reasons behind the account closure, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Miss D this information. And it wouldn't be appropriate for me to require it to do so now.

Miss D has said that she believes that she is a victim of discrimination by Card One Money. She says Card One Money closed her account after she provided her passport which showed her ethnicity. While I can appreciate this is Miss D's perspective, as I've already explained it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this.

I have, however, considered the relevant law in relation to what Miss D has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence,

I haven't seen anything to show that Card One Money would have treated another customer with similar circumstances any differently than Miss D. After looking at all the evidence, I've not seen anything to suggest Card One Money treated Miss D unfairly when it decided to close her account.

I'll now deal with how Card One Money handled things when returning Miss D's closing balance back to her. Miss D has said that Card One Money were wrong to send her a cheque for her closing balance – particularly because she told them she didn't have a high street bank to deposit it. And she asked them to send the money back to her former employer so that she could access the money via another route. Miss D has also said Card One Money took too long to give her money back.

I can understand Miss D's frustration at being sent a cheque when she'd asked Card One Money not to do this. But having looked at the concerns Card One Money had regarding Miss D's account, which Card One Money has shared with us in confidence I don't think Card One Money sending Miss D a cheque was unreasonable – given the security concerns Card One Money had around the safeguarding of Miss D's account and funds. I think this wasn't an unreasonable action for Card One Money to take in order to ensure Miss D's funds reached her – and not anyone else.

I can see that Card One Money reviewed their decision to send a cheque and once it was able to verify Miss D via a zoom call it arranged for Miss D's funds to be sent to her via transfer to another account she held. I can see that once this was agreed there were further issues due to the limits on the amounts that Miss D's other account could accept. So, Card One Money made payments in tranches. I can't hold Card One Money responsible for the limits on Miss D's receiving account. In the circumstances the only other alternative available was for Card One Money to send the funds in several transactions – which is what it did. I accept Card One Money took time to return Miss D's funds but having looked at all the circumstances I'm satisfied that Card One Money did this as quickly as possible and didn't cause any undue delays.

In summary, I realise Miss D will be disappointed by my decision. But based on the available evidence, I won't asking Card One Money to do anything more to resolve her complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 20 February 2025.

Sharon Kerrison  
**Ombudsman**