

The complaint

Mr and Mrs M complain as directors of a company, R, that Zempler Bank Limited trading as Cashplus Bank (Cashplus) blocked, then closed the business account and has refused to pay the balance to an account in Mr and Mrs M's name

What happened

In December 2022, as part of a KYC (know your customer) /EDD (enhanced due diligence) process, Cashplus sent a questionnaire for Mr Mrs M to complete. They failed to provide a response and Cashplus sent a follow up email warning that the account would be closed and blocked failing a response to the questionnaire. No response was received so Cashplus sent a 60 days' notice of closure letter. After receiving the notice of closure Mrs M got in touch with Cashplus and said they had had difficulties in receiving emails as they had been abroad.

Mr and Mrs M then completed the questionnaire but the account remained blocked. They requested payment of the balance on R's account to an account in their names. Cashplus explained that it could only send the money to an account in the name of the business. Mr and Mrs M explained that the business was no longer running and that as a result they would not be allowed to open an account in the business's name. Cashplus maintained its position that it could not pay the monies to Mr and Mrs M personally.

On referral to the Financial Ombudsman Service our Investigator noted that Cashplus had no concerns about the funds in the account so should not have blocked it. He proposed that it pay £150 for the inconvenience caused. But he said that Cashplus was reasonable in wanting to send the funds on the account to an account in the business's name.

Mr and Mrs M reiterated that they thought they could not open an account in R's name which is why they made the complaint to this service.

The matter has been referred to me for an Ombudsman's consideration.

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.

First of all banks are required to carry out KYC/EDD checks on their customers from time to time. So I think it was reasonable for Cashplus to ask for the questionnaire to be completed. It is unfortunate that Mr and Mrs D were abroad and initially did not know the form had been sent. I've noted however that after the notice of closure Cashplus did receive the form duly completed by Mr and Mrs M and said it would remove the block on the account.

Cashplus didn't however remove the block and up until the time the account was closed in April 2024 R didn't have access to the account. Bearing in mind what Cashplus had said to Mr and Mrs M I think it was unreasonable for it to maintain the block. For this our Investigator

proposed that Cashplus pay £150 compensation for the inconvenience caused to R by being unable to access the account.

Mr and Mrs M say that the business is no longer running. It may be the case that it is no longer trading, but checking the position at Companies House I see that R is listed as an active business with its next filing of accounts due in December 2024. Mr and Mrs M are noted as active directors. Given that Mr and Mrs M wanted to withdraw the funds from the account as they no longer wanted to run the business, those funds would still have had to be transferred to an account in the name of R. Unfortunately as R is a separate legal entity I don't think it would be reasonable to require Cashplus to pay the funds from the account (and the proposed compensation) to Mr and Mrs M personally.

That said, I appreciate Mr and Mrs M's position. But where a complaint is made on behalf of a limited company, that company has to be active for us to consider the complaint. If the company is dissolved, or goes into liquidation, Mr and Mrs M would no longer have the authority to make a complaint on behalf of it. This service deals with complaints, but we can't give accountancy or legal advice as to how Mr and Mrs M can receive the balance of the business account.

Putting things right

Cashplus should pay R £150 compensation.

It should further pay out the balance of the business account when notified of a suitable account to pay the monies into.

My final decision

I uphold the complaint in part and require Zempler Bank Limited trading as Cashplus Bank to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 28 October 2024.

Ray Lawley
Ombudsman