

The complaint

Miss L complains that J.P. Morgan Europe Limited (which I'll refer to as Chase) blocked and then closed her account without telling her why.

What happened

Miss L held an account with Chase. On 1 February 2024 Chase placed restrictions on the account, effectively preventing Miss L from using it, while it carried out a review. When Miss L contacted Chase to ask about the account, it said that it was unable to tell her the reasons for the review or to provide an indication of when that review might be completed and the restrictions lifted.

Miss L complained about Chase's actions. It acknowledged that it had not dealt with Miss L's queries as well as it should have done. Specifically, calls had not been returned, she had been given incorrect information about how benefits paid into the account would be handled, and it had wrongly failed to provide Miss L with the account balance when asked. It offered Miss L £40 in recognition of those matters, but said that it was correct to block the account.

Chase then decided that it should close the account and gave Miss L two months' notice that it would do so. The restrictions on the account were lifted on 29 February 2024, and the account was closed in April 2024.

Miss L referred the matter to this service. One of our investigators considered what had happened. She took the view that Chase had not properly explained why it had restricted the account or what its review had entailed between 1 and 29 February 2024. She recommended that Chase pay Miss L a further £100 in recognition of the distress she had suffered and the inconvenience to which she had been put and that Chase pay interest on the balance of the account for the period during which it was restricted.

Miss L accepted the investigator's recommendation, but Chase did not. It asked that an ombudsman review the case.

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.

It is generally for banks to decide whether to provide or to continue to provide banking services to any particular customer, and this service won't usually intervene in what is a commercial decision. I am satisfied therefore that Chase was within its rights to close Miss L's account. It gave reasonable notice of its intention to do so, in line with the account terms.

Banks also have various legal and regulatory obligations in the provision of accounts. To meet those obligations, they may need to review an account's operation and/or investigate certain transactions. And it may be necessary to restrict an account's operation while a review takes place. That is what Chase said it was doing in this case. In addition, a bank

may not be able to explain to a customer why an account has been blocked or restricted. Chase did not tell Miss L why it restricted her account.

Our investigator asked Chase on more than one occasion what its investigations involved and why Miss L's account was restricted. It provided only limited information – largely consisting of a timeline of when the restrictions were put in place and released, and account statements.

The investigator made it clear that she did not believe this was enough to satisfy her that Chase had acted fairly. Our rules allow either party to ask that evidence be accepted in confidence – meaning that, if we agree, it won't be shared with the other party. Chase did provide some information in confidence, but again it was very limited and not supported by any documents.

Like the investigator, I do not believe that Chase has provided enough information to show that it acted fairly and reasonably in this case. Its actions will have caused Miss L some distress and inconvenience, for which she should receive some compensation. And she was left without the funds in her account for around three weeks. The usual remedy where a customer is deprived of funds is to award interest at an appropriate rate – which is very often the rate of 8% a year applied to court judgments.

My final decision

For these reasons, my final decision is that, to resolve Miss L's complaint in full, J.P. Morgan Europe Limited should pay her interest at 8% a year simple on the balance of her account from 1 to 29 February 2024, together with £100 in recognition of the distress she has suffered and the inconvenience caused. The latter sum is in addition to the £40 which was offered in February 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 4 November 2024.

Mike Ingram

Ombudsman