

## **The complaint**

S, a company, complains that Zempler Bank Limited restricted its account and requested unnecessary verification documents. S says that the bank's actions have caused financial loss.

## **What happened**

S is a company which has had an account with Cashplus since 2020. It has brought this complaint through its sole director.

The director has explained that S needed to pay suppliers in US dollars, so the company needed to transfer funds to the director, who could then buy US dollars to facilitate that. And, at the time, the director was partly funding the company.

In November 2022, as part of those arrangements, S made two transfers to the director. Cashplus would not complete them and asked the director to provide documents to show that the payments were legitimate. Its request included that the director provide three months of personal account statements. Cashplus restricted S's account.

The director provided copy statements but redacted them, saying that providing full statements would be a breach of privacy. In any event, the funds which had been transferred to S were the proceeds of a property sale, so the bank statements would not have demonstrated the source of funds transferred to S in any event.

Funds were returned by Cashplus to their source – that is, to the director's account to which had intended to send them in the first place – but the account remained restricted.

S complained to Cashplus, but it said had acted fairly and in line with legal and regulatory requirements. In a letter of 1 December 2022 it provided details of this service and explained that S had six months in which to refer the complaint to us. It said it would not agree to us looking at the complaint if it was referred later than that.

S referred the complaint to this service in November 2023.

In the meantime, S began court action against Cashplus. The court stayed proceedings so that this service could consider the complaint.

Cashplus confirmed that it would not consent to this service considering the complaint, because it had been referred to us more than six months after the date of the final response letter. On that basis, our investigator concluded that this service had no power to consider the complaint, and issued an assessment to that effect.

In response, Cashplus said that it had withdrawn its objection and asked that the investigator assess the merits of the complaint. He therefore did that and concluded that Cashplus had acted fairly in stopping the payments and restricting the account. S did not accept that assessment and 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.

For the sake of clarity, I will first address very briefly the question of time limits. We can't usually look at a complaint which is referred to us more than six months after the date of a final response letter. The letter of 1 December 2022 was a final response. We can consider a complaint which is referred to us outside the six-month time limit where the failure to meet the time limit is the result of exceptional circumstances or where the financial business has consented. Once a financial business has consented to a waiver of time limits, it cannot withdraw that consent; it can however consent to a waiver, even if it has previously said it doesn't.

But, where a financial business does not agree to waive the time limit, it is still for us to decide whether there are other circumstances which mean we should nevertheless disregard it.

I turn now to the merits of the case. S's submissions have been quite detailed, but my own comments – in keeping with the ombudsman's role as an informal resolution service – will be rather shorter. I can however assure both parties that I have considered very carefully all their evidence and submissions.

Banks and other providers of financial services have certain legal and regulatory obligations. They include an obligation to know about their customers and the operation of their accounts. This is often referred to as "know your customer" or "KYC". They can therefore seek further information from customers in some cases, and indeed may be under an obligation to do so.

The information which a provider might seek can include information about where funds have come from. Cashplus explained that this was the information it was seeking in this case.

To some extent, it is for financial service providers to decide how to fulfil their legal and regulatory obligations, including KYC duties. In this case, Cashplus – having identified that funds were being transferred from the director's account – wanted to know more about that account. I think it was entitled to take that view. I believe it was entitled as well to take the view that redacted accounts would not provide it with the reassurance it thought it needed. It's possible of course that Cashplus might have decided, if it had seen them, that the unredacted accounts did not provide all the information required either.

S's director has said that Cashplus should provide it with details of the specific laws or regulations requiring it, or allowing it, to act as it did. It has done so to some extent in the court proceedings, in which its defence refers to, for example, the Joint Money Laundering Steering Group guidelines. The Financial Conduct Authority's approach is also largely set out in the form of guidance, rather than rules (for example, in its Financial Crime Guide: A firm's guide to countering financial crime risks). That reflects that financial business have a wide discretion in this area.

Having those matters in mind, I do not believe that Cashplus acted unfairly in this case.

## **My final decision**

For these reasons, my final decision is that I do not uphold S's complaint.

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

Mike Ingram  
**Ombudsman**