

The complaint

Mr H complains that Zempler Bank Limited, trading as Cashplus Bank, closed his newly opened account and didn't immediately return the balance.

What happened

In April 2024, Mr H opened an account with Cashplus. But one day later Cashplus decided to close the account.

Mr H thinks this is unfair. He asked Cashplus if it could explain its decision. He also asked if it could return the funds he'd paid into the new account - £45.04 – and the fee he'd paid to set up his card - £5.95.

Cashplus said it couldn't share any further information about why it closed the account. Nor could it overturn the decision. But it agreed to reverse the card set up fee and pay the remaining balance to Mr H. It asked Mr H to provide a bank statement for verification purposes.

Mr H didn't see why he needed to do that. He referred the complaint to us. A few days later, Cashplus decided to return the funds to the account Mr H originally sent them from.

Our investigator looked at all of this. The investigator thought Cashplus was entitled to close the account – but could have returned Mr H's funds sooner. She recommended Cashplus pay simple interest on the balance from 28 April 2024 until 14 May 2024. She also recommended Cashplus pay Mr H £50 to reflect the distress this all caused.

Cashplus doesn't agree. The complaint has been referred to me.

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.

The terms and conditions that applied to Mr H's account allow Cashplus to close an account for any reason by giving Mr H at least two months notice. In some cases it can do so immediately. Here, Cashplus says it gave Mr H at least two months' notice, so the account would formally close in July 2024.

But Cashplus also restricted the account. Though the account technically remained open, it stopped any payments being made or received, and removed Mr H's online access to the account. In effect, the closure was immediate.

Cashplus has explained why it did this. Our rules allow us to receive information in confidence. I am satisfied this information is sensitive and cannot be shared with Mr H. In summary, Cashplus has told us why it decided to close Mr H's account.

I appreciate Mr H would like to know more. But where Cashplus closes an account in these circumstances, it doesn't need to give reasons – and given what I've said above it wouldn't

be appropriate for me to tell Cashplus to share its reasons with Mr H. Based on everything I've seen, I'm satisfied that Cashplus was entitled, in line with its terms and conditions, to block and close the account.

I next consider the return of Mr H's funds. The terms and conditions that applied to the account state that "If we [...] end the agreement, we will return any account balance to you [...] as soon as we are allowed to do so." It says that where the account holder closes the account, this may take 30 days – but, notably, doesn't include a timescale where Cashplus initiates the closure.

Here Cashplus agreed to refund the fee Mr H paid to set up his card, and to pay him the remaining balance. But although Mr H first asked Cashplus to do this during a telephone conversation on 15 April 2024, Cashplus didn't return the funds until 14 May 2024.

I've listened to the calls between Cashplus and Mr H. During a call on 15 April, the advisor told Mr H he'd get the relevant team to transfer the funds back to him. And during a further call on 18 April Mr H asked why he hadn't received the funds – and was asked if he'd been asked for any statements and documents. Mr H said he had not. The advisor said she'd ask the relevant team to contact Mr H directly. Mr H didn't understand why they couldn't just send the funds back to his account given it was the same account he'd paid the funds from. The advisor promised that someone would be in touch with Mr H early the next week.

Then on 1 May Mr H called again. He'd received a formal notice from Cashplus that it was closing the account – but he still hadn't heard from the relevant team. This time the advisor told Mr H that Cashplus would be in touch at some point before the account closed – in July. At this point Mr H escalated the matter as a formal complaint. It was only when Cashplus issued the final response, on 10 May 2024, that it told Mr H it needed a bank statement before it could release the funds.

And then, on 14 May 2024, Cashplus just released the funds. It says that the reason it released the funds was because it had set up a diary note to review the position on 14 May, and didn't release the funds sooner because Mr H never provided a statement validating his external bank details.

Thinking about all of this, I'm not persuaded Cashplus couldn't have paid Mr H the funds sooner. He wanted Cashplus to return funds to the account he originally sent them from – which is what Cashplus eventually did, even though he hadn't provided the information they'd asked for. And in any case, Cashplus only explained what they required on 10 May 2024, four days before they decided to release the funds anyway. If things had happened as they should have, it seems most likely that Cashplus could have repaid Mr H the money sooner. And I think having to repeatedly chase things up caused unnecessary inconvenience. For this reason, while I accept the closure was fair, I uphold the complaint in part.

Putting things right

Cashplus should pay Mr H simple interest – the rate is 8% - on the amount remaining in his account. As I accept Cashplus may have needed some time to review things, interest should run from 28 April 2024 until 14 May 2024 when Mr H got the money back.

If HMRC requires Cashplus to deduct tax from this interest it should provide a certificate setting out how it has worked this out should Mr H ask for one.

Cashplus should also pay Mr H £50 to compensate him for the trouble and upset this all caused.

My final decision

I uphold the complaint. Zempler Bank Limited, trading as Cashplus Bank should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 April 2025.

Rebecca Hardman
Ombudsman