

The complaint

R, a limited company, complains that Zempler Bank Limited (trading as Cashplus) blocked their account and denied them access to their funds. They've asked for compensation, and to be repaid losses they say they've suffered.

R is represented by their director, Mr I.

What happened

In December 2022 Cashplus blocked R's account and issued a form asking for further information about the business. Mr I contacted Cashplus, and says he was told he'd receive a call back, but that this never came. He also says he was given an incorrect email address to send in documents.

While R's account was blocked Cashplus returned payments into the account to the original senders. Mr I supplied some documents on the nature of R's business to Cashplus, but the bank asked for more. They issued a notice that they would be closing the account. But after Mr I supplied further information, this was rescinded. The block was removed from the account.

Unhappy with what happened Mr I complained to Cashplus about the restriction and being given an incorrect email address to send documents to. He said the block had affected his business, and he asked for Cashplus to credit the returned payments to the account. The bank responded to say they had not made an error.

Dissatisfied with this answer Mr I referred R's complaint our service. One of our investigators looked into it but didn't think Cashplus needed to do anything further. They reasoned that the bank could block accounts in line with their legal and regulatory obligations and didn't see they had done anything wrong by returning the payments.

Mr I didn't agree with this, saying there was a lack of clarity about the missing funds, and poor and misleading communication throughout. But the investigator still didn't agree Cashplus had done anything wrong.

As no agreement could be reached the complaint has been passed 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.

The above summary of the complaint is brief, and not in as much detail as the parties have submitted. I don't intend any discourtesy in this, rather I have summarised what I consider to be the key issues in this complaint. This is to reflect our service's role as an informal alternative to the courts.

Cashplus, like all regulated financial businesses in the UK have legal and regulatory obligations to meet when providing accounts to their customers. These obligations include a duty to understand how their accounts are being used to better combat issues such as financial distress and financial crime. These obligations are ongoing, not just at the point the account opened. And this can mean that on occasion they need a business customer to provide further information about the nature of their business, and where their funds have come from. This isn't unreasonable.

While the review is being conducted, Cashplus may choose to prevent any further transactions on the account – as happened here. There is provision in the terms of R's account for this. Mr I will have had the opportunity to review these terms before opening the account. So, I'm not persuaded the block on the account was unreasonable.

There's no specific obligation on Cashplus to explain why the account has been blocked, or what prompted a review. But in this case, they've asked for specific information about R's business activities, and for a completed Know Your Business (KYB) form.

Cashplus has said they attempted to contact Mr I but didn't have a working telephone number for him. In any event, I can see that Mr I contacted Cashplus just over a week after the account was blocked.

Listening to the calls I hear that Cashplus were clear in what information they required. And I'm satisfied that this information would not have been arduous or difficult for R to provide. The email address Cashplus provided in the calls appears to be correct – so I don't agree that they delayed the review by providing incorrect or misleading information.

When Cashplus received the required documents in January, I can see they reviewed them in a timely fashion. They requested further information from R, including the KYB form. Mr I provided these promptly. The account was subsequently unblocked. I can't see that there were any unreasonable or unnecessary delays caused by Cashplus.

There were payments that were returned to the original senders. Looking at the dates of these payments, I can see these were all made after Mr I had been in touch with Cashplus about the block. So, he ought reasonably to have been aware that funds may not credit the account. I don't agree there was a lack of clarity about these funds – Cashplus has always said these were returned to the original senders.

I also note that the funds removed from the account on 14 January were subsequently re-credited by the original sender on 28 January. So, I'm not persuaded that any funds returned are a loss directly to R.

Overall, I've no doubt the block will have been disruptive to R's business. But I'm not persuaded that this Cashplus' decision to review the account, and block transactions while they do so, was unreasonable. It follows then I can't reasonably ask them to compensate for any inconvenience caused.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 5 December 2024.

Thom Bennett

Ombudsman