

## **The complaint**

D, a limited company, is unhappy that Aldermore Bank Plc restricted access to its account and then closed it.

## **What happened**

D held a business savings account with Aldermore. On 7 March 2024 Aldermore contacted D while it was carrying out standard checks on D's account. It requested further information about the parties connected to the account and restrictions were put in place while it waited for a response.

D provided the information the following day but the restrictions remained in place. D contacted Aldermore multiple times over the following two months requesting an update and making a formal complaint on 22 March 2024 but didn't hear anything back until 14 May 2024 when Aldermore wrote to D to confirm it would be closing the account without notice. It said it had returned funds to D's nominated bank account and these should be received within two days.

On 15 May 2024 Aldermore responded to D's complaint. It said that one of the directors of the company, who had significant control, lived overseas, which was in breach of the terms and conditions of the account. Because of this, it's decision to restrict and close the account was correct.

Our investigator considered the complaint. They didn't feel Aldermore had provided sufficient evidence to support its decision to close the account or explain the two month delay while it looked into things. They awarded £150 in compensation.

Aldermore didn't respond to the investigator's findings. D didn't accept their findings as they said the cost to D had been significantly more than £150. It said it had been unable to pay director's bonuses as well as other losses.

## **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.

### *Was Aldermore acting fairly in closing the account*

Banks and financial businesses are entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping

with the terms and conditions. In this instance Aldermore has said the terms of D's account say that in certain instances it can close the account immediately.

Aldermore has told D, and our service, that the reason it decided to close D's account was because a person with significant control – which it defines as a person with more than 25% of the shares or voting rights in a company or otherwise exercises significant influence or control – lived outside of the UK. It's said this is a breach of its terms and conditions which is why the decision to close the account immediately had been made.

D has said this isn't the case. Whilst one person with shares in the company lives outside of the UK, they aren't a person with significant control.

Aldermore has said it's relied on the information filed on Companies House when making this decision. But whilst the evidence Aldermore says it's relied on in this case does show one of the shareholders and directors lives outside of the UK, I haven't seen anything to support they have significant control in the company. Aldermore has not responded to our requests for any further evidence or information it has relied on when reaching this conclusion.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts to a customer and providing an account is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

But, in this case I've considered whether Aldermore has acted fairly and reasonably in closing the account immediately and I don't feel I've seen sufficient evidence to support the term Aldermore has relied on here applies. So I don't think it's demonstrated the immediate closure of the account was fair or in line with the terms and conditions in this case.

In addition, like the investigator, I don't feel I've seen sufficient evidence to show that Aldermore reasonably needed to restrict D's access to the funds in its account for around two months while it looked into things.

Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. And, it's common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account. But it shouldn't restrict access to a customer's account for longer than necessary.

D appears to have responded to Aldermore's request for information promptly and I would've expected Aldermore to have reviewed this within a reasonable time frame. I haven't seen anything to support that Aldermore needed to consider things for around two months before making a decision about the account.

So it appears Aldermore unnecessarily restricted D's access to its money for around two months longer than it needed to and it has acted unfairly in closing D's account without notice.

#### *What was the impact of Aldermore's actions*

D has explained that as a result of Aldermore's actions it has suffered a financial loss. It's said it was unable to pay bonuses to the directors as agreed by the board.

I can't consider or take into account any personal loss to individual directors or shareholders here. This complaint is being brought by D in its capacity as a limited company which is the account holder in this case. So the only loss I can consider is to the limited company.

D has said as a result of being unable to pay the bonuses agreed by its shareholders by the end of the financial year 2023/24, it had to pay around £4,000 in compensation to some of the directors. But I haven't seen sufficient evidence of this loss so I don't think Aldermore is liable for paying it.

I understand that D has provided evidence that its shareholders decided bonuses would be paid. But I haven't seen anything to support that D was contractually obligated to pay bonuses to its directors or that it was obligated to pay compensation if for some reason these bonuses couldn't be paid.

I understand that had D not done this there might've been a personal loss to the directors which it wished to avoid. But it seems this was a choice D made to avoid causing a loss to these individuals rather than an unavoidable loss to the limited company as a direct result of not being able to access funds in its account. So I don't think Aldermore can be reasonably held liable for this.

D has also mentioned it was unable to implement the planned financial 'winding down' of the company due to the restricted access to the account which has also had a financial impact. But it hasn't provided any further details or evidence around this. So I haven't seen evidence this is a loss Aldermore is liable for.

I can see that Aldermore's decision to restrict D's account has caused it inconvenience. Whilst it is reasonable to expect that a company would have to deal with a reasonable amount of administrative work in relation to its finances, it's clear in this case some of this work was avoidable. I can see having to chase Aldermore for a response for around two months would've caused avoidable inconvenience. But I think £150 is a fair amount of compensation for the inconvenience caused in this case.

D's money was already in a savings account and it's not clear whether interest continued to accrue on the account while the restrictions were in place but I think it's fair and reasonable that it should've. Whilst D has said it was planning on using some of the funds from the account, I don't think it's reasonable to expect it can evidence exactly what would've been removed. So I think this interest, in addition to the £150 compensation is appropriate in this case.

### **Putting things right**

- If it hasn't already, apply interest to the account balance at the account rate for the period the account was restricted
- Pay D £150 for the inconvenience caused

### **My final decision**

I uphold this complaint and direct Aldermore Bank Plc to pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or

reject my decision before 3 July 2025.

Faye Brownhill  
**Ombudsman**