

The complaint

Mr P complains Zempler Bank Limited trading as Cashplus Bank unfairly closed his account and provided poor customer service.

What happened

Mr P held a personal account with Cashplus Bank. On 11 October 2023 Mr P's account was restricted whilst it carried out an account review.

Cashplus Bank asked Mr P to provide information as part of its account review – this included identification and proof of address. Mr P provided some information which was reviewed on 17 October 2023 and 2 November 2023. However, the proof of address information provided by Mr P wasn't adequate and in early November 2023 Cashplus explained to Mr P that further information was needed. As this wasn't received, on 12 November 2023 Cashplus informed Mr P that his account would be closing in 60 days, in line with the account terms and conditions.

Mr P raised a formal complaint about the account restriction and the service he received. Mr P said he contacted Cashplus by phone and experienced long wait times and calls were cut off. Mr P says he also asked for correspondence by post and this request was ignored.

Cashplus reviewed Mr P's concerns and issued a final response letter. It explained that its review was necessary and in line with the account terms. It explained what information was still required and asked Mr P to provide it as soon as possible.

Unhappy with Cashplus' response Mr P referred his complaint to this service. An Investigator reviewed Mr P's concerns, and in summary, made the following findings:

- Cashplus acted fairly in restricting Mr P's account and asking for further information in order to meet its regulatory obligations.
- However, the service provided by Cashplus fell below reasonable standards. Mr P asked for communication via letter, and this wasn't taken on board.
- Cashplus should compensate Mr P with £50 for the inconvenience caused.

Cashplus disagreed with the recommendations, stating Mr P had asked for correspondence in writing and emails met this requirement. As no agreement was reached, the complaint was referred to me – an ombudsman – for a final decision.

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.

I can see Mr P has provided detailed comments about his complaint and the impact it has had on him. I'm aware I've summarised this complaint briefly. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's

something I've not mentioned, it isn't because I've ignored it. This simply reflects the informal nature of our service.

My decision will focus on Mr P's personal account with Cashplus. Mr P has a separate complaint with this service regarding his business account.

Account restriction

Cashplus has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened but extend to the length of the customer relationship. They can broadly be summarised as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. And that is what happened here.

As has been explained by Cashplus and the Investigator, the reason why Cashplus asked Mr P to provide information was because Cashplus are obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities. Cashplus is also entitled and obliged to carry out such checks under the account terms. This applies to both new and existing customers.

Mr P says he co-operated with Cashplus and provided the necessary information. As explained Cashplus are obliged by the FCA to carry out ongoing checks to protect accounts from identify theft, fraud, and financial crime, which means the information received must allay any concerns. In Mr P's case the information provided wasn't adequate, so it took the decision to close the account by providing Mr P with 60 days' notice. During this period the account was blocked but given Mr P had been provided with ample opportunity to provide the necessary information requested by Cashplus I think this was a necessary step. Mr P was informed in the final response letter that its website detailed acceptable proof of address documents, and Mr P was encouraged to provide this as soon as possible so the account could be reinstated.

Having considered the basis for Cashplus' review, I find the review was legitimate and carried out in line with its regulatory obligations. Based on the information I've seen I do not consider blocking and closing Mr P's account to be a disproportionate measure for Cashplus to take given the circumstances.

Customer service issues

Mr P is also unhappy with the level of customer service he received from Cashplus. Mr P says calls were cut off and he asked for correspondence by letter.

I've considered Mr P's interactions with Cashplus, and I can see there have been instances where the service fell below reasonable standards. I understand Mr P says calls were cut off, and I can see that was the case when he was querying the account block. Mr P had to call back and I understand this caused frustration. Cashplus has apologised for these instances which I think is a reasonable resolution.

A key issue for Mr P was the lack of information he received about the block and closure. It seems Mr P had been sent emails, but these weren't received. Mr P asked Cashplus to send correspondence in writing. However, this request wasn't followed, and Mr P continued to receive emails. The Investigator recommended Cashplus pay £50 in recognition of the

inconvenience caused to Mr P. Cashplus, disagreed explaining Mr P had asked for correspondence in writing, and an email met this requirement.

Based on the information I've seen I think Cashplus should've sent correspondence by letter. Cashplus was aware Mr P had been having issues receiving emails, and I don't think continuing to use this method of communication was appropriate given Mr P had asked for a change, and specifically asked for written communication.

Putting things right

Zempler Bank Limited trading as Cashplus Bank should pay Mr P £50 in recognition of the distress and inconvenience caused to Mr P by its poor service.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 January 2025.

Chandni Green
Ombudsman