

The complaint

A company, which I'll refer to as H, complain that Zempler Bank Limited trading as Cashplus Bank (Cashplus) unfairly restricted its business account.

In bringing this complaint, H is represented by its director, who I'll refer to as Miss L.

What happened

The background to the complaint is set out in my provisional decision dated 18 November 2024 which forms part of this decision.

I provisionally concluded that, H's complaint should be upheld on a limited basis, and I recommended Cashplus pay £200 in compensation to H.

I said - in summary:

"For me to require Cashplus to compensate H for the action they took, I'd need to find they had made an error or acted unreasonably. With that in mind, I've considered the following questions:

- Did Cashplus make an error or otherwise act unfairly when they restricted the Account?*
- Were there avoidable delays in reinstating the Account which would amount to poor service?*

My starting point has been to look at the terms and conditions of the Account as they are in effect the banking agreement which governs the relationship between H and Cashplus. Cashplus have referred to clause 10 of that agreement and I've considered it carefully. It says:

"10. Blocking your card and access to your account

10.1 We may suspend or restrict your access to your account, suspend or restrict the use of your card, cancel your card, or refuse to issue or replace your card, if:

a) we suspect that your account or card is being used in an unauthorised, illegal or fraudulent way;

b) we are concerned about the security of your account or card;

c) the agreement between you and us has been cancelled as described in section 15.

10.2 If we take any of the actions shown above in clause 10.1, if possible, we will tell you by phone or email, giving our reasons, unless the law or any reasonable security measure prevents us from doing so. If it is not possible to give you notice of the action, we will tell you as soon as possible afterwards.

10.3 *We will restore your access to your account or unblock your card as soon as reasonably possible after the circumstances giving rise to the action no longer apply. We will tell you when we have done this."*

Did Cashplus make an error or otherwise act unfairly when they restricted the Account?

Miss L has explained Cashplus gave no reason for restricting the Account. And she is right that whilst Cashplus' email at the time of the suspension, confirmed the Account's suspension, it did not explain the reason for it.

I understand Miss L's frustration at not being told the reason. But I also note under clause 10 above Cashplus has discretion whether or not to do so. And since for the reasons already explained Cashplus suspected there may be fraud at play regarding the application, I can understand why they might have been reluctant to provide any explanation for fear of possible legal ramification.

Miss L explained that the application was submitted by H's head chef and that he had used the mobile number matching that registered to H's account. She explained that as far as the application was concerned there was nothing untoward in it.

Financial businesses do have to be alert to the possibility of fraud and to take appropriate steps to guard against their customers becoming victims. Cashplus restricted the Account and in the circumstances, I don't think I can fairly say they acted wrongly when they did so. I also agree with Cashplus that under clause 10 they were able to do so – in particular when the likelihood of the security of a customer's account is at risk of being compromised.

Were there avoidable delays in reinstating the Account which would amount to poor service.

In phone calls that were made to Cashplus from 29 December 2023 chasing the bank for updates about when H might lift the suspension, Miss L, was unclear when exactly the documents requested by Cashplus were uploaded. The two dates mentioned were 17 or 18 December 2023. Giving H the benefit of the doubt I'll assume the documents were uploaded on 17 December 2023 which is the day after Cashplus's email request. The suspension was lifted on 24 January 2024 – so over a month later. And I can understand why without the ability to use the Account that might appear excessive as Miss L has argued.

I note that in between the two dates a number of phone calls were made to Cashplus. Especially in the first week of January 2024 when Cashplus were being pressed for a date when H might receive confirmation Miss L's documents would be reviewed and a decision made to lift the restriction.

Cashplus consistently maintained in those calls that their turnaround time is normally between 5-10 working days from when information is submitted - excluding weekends and any bank holidays. That would mean reasonably H should have heard back from Cashplus sometime around 3 January 2024. That did not happen. And in a phone call to Cashplus on that day, their employee told Miss L, she would likely hear from the bank by the end of the week – meaning by 5 January 2024.

I can see Miss L called on 5 January 2024 and was told Cashplus was still working on the case.

Miss L's documents were reviewed on 10 January 2024. And it seemed partly to have been prompted by the realisation H had made a complaint about their delay.

Given the timeframe Cashplus indicated the review of Miss L's documents would take place, I find Cashplus delayed doing so. And in fairness I note they have since acknowledged that delay.

I was pleased to see that on 10 January 2024 they attempted to expedite matters. In particular, in light of Miss L's explanation that in fact not all the documents Cashplus had asked for on 16 December, had been uploaded due to technical issues that she faced when trying to do so.

I also note Cashplus did offer some flexibility here by providing Miss L with three email addresses and reference to which she should send the documents. And the Cashplus employee carefully explained precisely the documents that were needed.

I acknowledge there were still yet further delays afterwards. But I don't think it would be fair to hold Cashplus responsible for that. And I say that because although Miss L did send copy documents to Cashplus on 10 January 2024, they were still not complete. After Cashplus contacted her to let her know, she submitted the outstanding documents on 18 January 2024. They were reviewed and the suspension was later lifted on 24 January 2024

Given this timeline of events, along with the evidence I've seen, I agree with Miss L there were some delays in the review of the documents she'd presented. This should have happened according to Cashplus' own service levels on 3 January rather than 10 January when the review took place.

I'm satisfied H was inconvenienced by the delay. Miss L explained the restriction inhibited her ability to restock the restaurant and it also meant paying staff members were delayed. However, I don't think the full duration of the time taken to lift the restriction was entirely Cashplus' fault. But I'm satisfied they did not observe the service levels they promised H, meaning Miss L's documents should have been reviewed on 3 January (given their 10-business day turnaround) rather than on 10 January 2024.

That being said I'm not presently persuaded the delay over the period just mentioned – which amounted in effect to five business days were entirely responsible for the impact Miss L has suggested. I do nonetheless think for that limited duration H was inconvenienced by Cashplus' delay and I think Cashplus should pay it £200 in compensation.

What happened after my provisional decision

H accepted my provisional decision. But Cashplus didn't and have asked for an ombudsman to review the case.

Cashplus said the service they provided to H wasn't so poor as to require compensation at the level proposed. They said H's customer experience happened around the time when several Christmas/New Year bank holidays occurred. And in such circumstances, there is always a short period of 'catch up' for any business.

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.

Having considered Cashplus' submission very carefully I've not been persuaded to depart from my provisional decision. I'll explain why.

In a number of conversations between Cashplus and H, Cashplus gave clear undertakings regarding the time frame for the review of Miss L's documents. That was five to ten working days excluding weekends and bank holidays. In my opinion therefore, Cashplus had accounted for the Christmas 2023 and January 2024 bank holidays when giving Miss L that undertaking. They ought to have observed it.

As I've already observed, the timeline suggests Miss L's documents should have been reviewed on 3 January 2024. And as I've noted, when she called the bank, on that day, she was told this would likely be on 5 January 2024. Things were no further forward when Miss L rang again on 5 January. And the documents were only first looked at on 10 January, seemingly after H complained to Cashplus.

I don't think it's reasonable for Cashplus to suggest that the time frame they gave to Miss L about when her documents would be reviewed, should be afforded "catch up" flexibility like other businesses, because of the bank holidays. The bank holidays had already been factored in, in their time frame. Besides, Cashplus is a bank. Its customer was without a functioning account and had been repeatedly pressing them to review the documents submitted to them to determine whether to lift the restriction. In the circumstances it's not unreasonable to expect a degree of urgency

Putting things right

For the reasons I've explained I think Cashplus should pay H £200 compensation

My final decision

My final decision is the same as my provisional decision in the sense that I uphold this complaint. In full and final settlement of it, I require Zempler Bank Limited trading as Cashplus Bank to pay £200 compensation for the inconvenience caused to H.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 8 January 2025.

Asher Gordon
Ombudsman