

The complaint

Mr A complains that Algbra Group Limited unfairly closed his account and returned the funds in it to source.

What happened

Around April last year, Algbra notified Mr A that it would be closing his account. Algbra also returned around £3,400 from the account to source. Mr A complained because he feels he's entitled to the funds. Although Algbra didn't point to the account activity that led to its actions, Mr A explained that some recent payments into his account from a third party were for a car he had sold. He was also unhappy that some of the funds that were returned consisted of a benefit payment of £250.

Responding to the complaint, Algbra explained that it had acted in line with its terms and regulatory obligations. The firm declined to explain its reasons for closing the account and returning the funds to source.

Remaining unhappy, Mr A asked this service to independently review his complaint. He says that not having access to his funds caused him stress and financial difficulty as he couldn't pay his bills and debts. He also says his credit score was affected.

Our investigator issued their view on the complaint, explaining that Algbra had acted fairly. The investigator reviewed Mr A's testimony and evidence but wasn't persuaded that he was entitled to the funds. Mr A doesn't agree and asked for a final decision – so 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.

I'd like to start by saying that I've considered all the arguments and evidence provided by both parties, but in this decision, I will be referring to and focusing on what I consider to be the main points. No discourtesy is intended by this. We aim for our decisions to be as concise as possible.

I appreciate that Mr A remains entrenched that he's entitled to the funds that were returned to source, particularly because of the difficulties he says he's faced since. And I can see he's gone to some length to try and evidence his position. So I understand it will be disappointing for him to hear that I've decided not to uphold this complaint – I'll explain why.

Algbra 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. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm. Algbra may need to review and restrict accounts to comply with these responsibilities.

Algebra has provided me with information to show why it reviewed Mr A's account. Having considered this, I'm satisfied the bank acted in line with its regulatory obligations.

Algebra is entitled to close an account. However, in doing so, it must ensure it complies with the terms and conditions of the account. The terms of the account say that Algebra can close Mr A's accounts by giving him at least two months' notice. In certain circumstances, the bank can also close an account immediately.

Based on what I've seen, Algebra closed Mr A's account immediately. And given what I've seen, I'm satisfied that Algebra acted fairly and in line with its terms and conditions when doing so. The bank is under no obligation to explain why it made this decision.

Algebra has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Algebra's decision around closing Mr A's account was unfair.

Although I think Algebra acted fairly - having considered the information Algebra has provided - I think it could've done more before making its decision to send the funds in Mr A's account back to its source. I think Algebra could've made further enquiries with Mr A about how he used his account and asked that he provides information to prove his entitlement to the funds in his account.

Our investigator asked Mr A for information along these lines. In summary, Mr A submitted the following:

- The multiple payments into his account, totalling £4,520, was for the sale of a car to a third-party that he knew personally. He says there was a formal agreement between them that the third-party would pay him in instalments. Mr A feels the third-party acted fraudulently by paying him for the car, only to later recall the funds. He doesn't understand why someone would continue paying him for several months if the payments weren't genuine.
- Mr A says he is a car trader and has sold cars in the past. He doesn't have anything to show the car was advertised as for sale, given the sale was arranged with someone he knew. Mr A says the V5 was never registered in his name and he didn't tax or insure the car. Mr A recently said that he did in fact insure the car temporarily, but he's been unable to share any records to evidence this.
- Mr A says the third-party buyer was in possession of the car for a few months and threatened to take action against Mr A following the car breaking down. Mr A doesn't have any evidence that the car was handed over to the third-party - although he recently suggested such evidence existed but is yet to provide us with it. He also says he has a receipt for the sale but hasn't been able to provide a copy of this either.
- In regard to the payments, Mr A had previously told Algebra details about the instalment amounts that had been agreed with the third-party, but his testimony didn't match the payments he had actually received. When asked about this by our investigator, Mr A claims he intended to return some of the funds to the third-party for overpaying him.
- Mr A submitted copies of messages exchanged with the third-party over different messaging platforms. He says this is evidence of the sale, what was agreed with the third-party and proof that the buyer acted fraudulently. Mr A adds that he's reported the matter to the police.

Based on what I've seen, I don't think that Algbra's failure to make enquiries makes a difference here. Had Algbra asked Mr A questions in line with what our investigator asked, I think it's more likely than not that it would've reached the same decision – which is to return the funds to source.

I say this because the evidence Mr A has submitted doesn't persuade me that he was in possession of the car in question, that he had it up for sale, or that it was indeed sold to the third-party. Mr A hasn't been able to provide any record of the sale or persuasively evidence that he handed the car over to the third-party in return for the payments he received. Mr A says that he's a car trader and has sold cars previously. Although I can see some transactions on his account referenced with a car registration, I'd have expected Mr A to be able to evidence his business as a trader with relevant documentation and evidence of sales. So I haven't seen enough to be satisfied this is the case.

Mr A says he and the third-party formally agreed that payment for the car would be made in instalments. However, he hasn't been able to support this submission with any evidence. I can see that he had some message exchanges about a payment, but I haven't seen enough evidence to satisfy me that such an agreement existed.

I can see from the message exchanges that Mr A shared with us that he seems to have had a clear falling out with a third-party about the circumstances Mr A has found himself in. And I can appreciate why Mr A feels he's been scammed by this individual. I agree with our investigator that the differing names in the messages make it challenging to accept these as consistent with Mr A's testimony. Although I can't verify that these messages are indeed with the same third-party that sent Mr A the payments in question to, I don't think it makes a difference here as these messages do not add any validity to Mr A's claim that the third-party received the car in exchange for payment.

Following the investigator's outcome, Mr A sent us copies of messages he says were exchanged at the time the vehicle was sold. I can see from the messages that these do appear to be relevant to at least one of the payments in question and there's a brief discussion about a car. However, the content of the messages doesn't persuade me that Mr A had a car to sell and that he agreed to sell it to this third-party. Nor can I see anything that suggests Mr A agreed to hand over the car on the agreement that the third-party would make payment in instalments. Reading the messages Mr A has sent most recently, it seems unlikely to me that the conversation Mr A had with the third-party was in relation to the sale of a car.

I understand Mr A's concern that the third-party made multiple payments between February and April last year yet didn't raise a dispute during the course of these payments. However, it isn't for me to decide on whether the third-party authorised the payments or if they should've raised a dispute sooner. My findings rest on whether Mr A has been able to persuasively evidence his entitlement to the funds. As I said, I don't think he has.

I appreciate that Mr A has been able to obtain screen prints of the payments from the third-party's bank account. I can also see that the third-party shared sensitive information such as their driving licence. I'm satisfied Mr A would've only been able to obtain such information if the payments were genuine and he had a trusting relationship with this individual. Given what I've seen, it seems these were sent to Mr A as confirmation that the third-party had made a payment to him. However, this only persuades me that there was a personal relationship between the parties. Mr A's entitlement to the funds is dependant on whether he can persuasively evidence that he sold a car to this individual and the car was delivered to the third-party.

As I've explained, I haven't seen enough for me to be satisfied that the payments Mr A

received were most likely for the purpose he's described. So I won't be asking Algbra to do anything because of this.

I can see that Mr A received a benefit payment around the time his account was restricted. I appreciate that not having access to crucial funds such as this would've caused him difficulties. However, I note that Mr A transferred around the total balance of his account (including the benefit payment) a few days after he received this payment – referencing the transfer as 'to savings'. A day later, he transferred £3,500 into his Algbra account, referencing the transaction as 'from savings'. I also note that Mr A's account debits following receipt of the benefit payment amounted to over £200. So I'm satisfied Mr A wasn't unreasonably prevented from making use of his benefit payment.

Mr A also raises concerns about the level of service he received from Algbra. He says the firm failed to respond to his complaint in a timely manner and, at one point it advised him that it would send the funds in his account back to him. I appreciate the frustration and inconvenience this would've caused Mr A. But after considering what Algbra has said and the content of its review, I don't find awarding compensation would be fair or appropriate. I understand Mr A would want to know the information I've weighed to reach this finding. But I am treating this information in confidence, which is a power afforded to me under DISP.

In summary, I'm satisfied Algbra acted fairly when it closed Mr A's account and returned the funds in the account to source. I understand Mr A's position in that he feels strongly that he's entitled to the funds. But I don't agree, so I won't be asking Algbra to do anything because of this.

My final decision

For the reasons explained, I'm not upholding this complaint.

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

Abdul Ali
Ombudsman