

The complaint

A company I'll call C complains that Allica Bank Limited (Allica) blocked its account, then delayed the release of the account funds while it asked unnecessary questions.

C is represented by one of its directors, Mr A.

What happened

In August 2024, Allica blocked C's account while it carried out a review. It didn't give Mr A any detail as to why the review was happening, nor did it give Mr A advance notice of the review or the block. Mr A said the block meant he had to loan C money to keep the business going and he described Allica's approach to the review as erratic, because of the piecemeal nature of Allica's questions.

After some uncertainty, Allica issued a notice to close C's account and eventually released the account funds 21 days after the initial block. Mr A was unhappy with the way Allica handled the block and the time it took to obtain release of the account funds, but Allica didn't uphold his complaint, so he came to our service.

Our Investigator looked at what both sides had said, but he didn't think Allica made an error so he didn't ask it to do anything more. Mr A didn't agree, so he asked for an Ombudsman to review matters afresh.

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.

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review. The circumstances in which a bank must take such actions are fluid and may change at any given time depending on various factors.

So, in order to make an award in favour of C, I would need to be satisfied that Allica acted unfairly or took actions it wasn't entitled to take given all of the circumstances that were present at the time it decided to block and review C's account. And, having looked at the evidence both parties have provided, I'm satisfied Allica acted in line with its legal and regulatory obligations when it blocked C's account. And that it was entitled to do so under the account terms and conditions that governed the relationship between Allica and C.

I appreciate Mr A is frustrated that Allica didn't explain itself and that he feels strongly that blocking the account for 21 days was unreasonable. But, under the terms and conditions of the account, Allica doesn't have to give a reason for doing blocking an account in these circumstances. So, I can't say it did anything wrong by not giving C further information regarding the block. And, having investigated Allica's rationale myself, I'm satisfied it was entitled to block the account and complete the investigation in the manner it did, and that the review was completed in a reasonable timeframe.

While I don't doubt Allica's actions caused C problems and disrupted its commercial activities, I won't ask it to compensate C because I don't consider it did anything it wasn't entitled to do, or treated C unfairly. I can see why Mr A feels otherwise, but Allica's explanation and evidence has persuaded me that its behaviour was reasonable even though it may not have appeared that way to Mr A.

I understand Mr A may have further questions, but I won't tell Allica to share any further details with him, because it is not obliged to do so. And I hope that Mr A can take some comfort from the fact that I have independently reviewed the matter.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 23 April 2025.

Alex Brooke-Smith
Ombudsman