

The complaint

W is a company. It complains that Cater Allen Limited withheld a payment which was to be credited to its account. W is represented by one of its directors, whom I'll call "Mr J".

What happened

W has a business account with Cater Allen. On 5 August 2024 it received a payment of more than £300,000 from a business in China. Cater Allen did not immediately credit W's account with the payment. Instead, it sought further information from Mr J about it. Amongst other things, it asked about the source of funds, the purpose of the payment, export licences and links to sanctioned countries.

Mr J provided the information required. Over the following two weeks he contacted the bank on several occasions to try to find out what was happening and when the funds would be released and credited to W's account. Cater Allen was unable to give any meaningful timescales.

The funds were finally released and credited to the account on 20 August 2024, just over two weeks after receipt.

Mr J complained on behalf of W. Cater Allen said that it had needed to carry out legal and regulatory checks before it could release the funds. It had, it said, acted in line with its obligations and with the account terms.

Mr J referred the matter to this service, where one of our investigators considered what had happened. She was satisfied that the bank had acted fairly and did not recommend that W's complaint be upheld.

Mr J did not accept the investigator's assessment and asked that an ombudsman review the case.

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.

In his response to the investigator's assessment, Mr J made some observations about the procedures followed by this service, including the collection and sharing of evidence. However, this service is not bound by the same rules of evidence as a court would be. There is, for example, no discovery process, and this service can also accept evidence in confidence where we consider it appropriate to do so. I am satisfied in this case that both parties have a proper understanding of the arguments and have been given an opportunity to make their case.

I have not addressed every argument which Mr J has made. In keeping with this service's role as an informal dispute resolution service, I have focused on the points which I consider to be most relevant to the complaint.

Banks are under certain legal and regulatory obligations to ensure, for example, that they are not supporting fraudulent or other criminal activity or that payments are not made in breach of any relevant sanctions. I stress that there is no suggestion of any wrongdoing on the part of the payer or W in this case.

Those obligations mean that banks will in some cases need to carry out additional checks before crediting funds to an account. Cater Allen's account terms include (on page 5):

When we'll ask you for information

You must also give us any other information we reasonably ask for. This might include, for example, information we or other members of our group need for the following reasons:

- *to comply with a law or regulation which applies to us or them or to lower the risk of crime (such as money laundering, fraud, bribery, corruption, sanctions or terrorism finance)*
- *to keep our records up-to-date*
- *to confirm a payment or activity on your account*
- *to keep your account secure if we have concerns about a payment or activity on your account*
- *to confirm where money in your account has come from*
- *for tax reasons*
- *to allow us to deal with a complaint you have made.*

I have underlined the reasons which I consider to be the most relevant in this case.

Mr J says that the terms and conditions say that Cater Allen can stop payments into an account for certain reasons – primarily where there is a suspicion of or actual fraud – but that they don't apply here. I agree with him on that point, but the payment was not stopped; it was delayed while checks were carried out, but the funds were later credited to the account and were made available to W.

The terms and conditions do not say expressly that a payment into the account might be held while checks are carried out. They do however refer in turn to the Fact Sheet for the account which is published on the bank's website. It includes:

Our rights under our agreement with you

The non-personal terms set out our relationship with you and explain how your account will operate. Under those terms, we have a number of rights that you should be aware of. These include:

- *Refusing or delaying payments*
- *We can refuse to make a payment from your account or to accept a payment into your account for various reasons. These are set out in the non-personal terms and include a number of reasons related to concerns about possible scams, fraud or the security of your account.*
- *We can also delay payments while we investigate. This could mean you're late in paying someone you need to pay.*
- *If we remain concerned, we may refuse to make the payment even if you have checked it and confirmed you want it to go ahead.*

Again, the underlining is mine.

Whilst that section of the Fact Sheet expressly says that it does not form part of the bank's agreement with the customer, it does explain that there might be a delay in payments where an investigation is needed.

The payment in this case was for significantly more than previous payments. It accounted for around three quarters of W's turnover for the financial year. It was from a payer which had not previously sent funds to W. It seems to me therefore that it was reasonable of Cater Allen to take the view that further investigation was warranted.

Mr J says that the investigation took too long. He calculates that the payment was blocked for 12 working days and that this amounts to 1,200 working hours. His calculation appears however to be based on a team of eight people each working a 12.5 hour day (in breach of relevant employment legislation) on this single transaction. It would be surprising if Cater Allen deployed its staff in that way.

In my view, whilst frustrating for Mr J, the time taken to complete the investigation was not unreasonable. Mr J has said that the bank told him that, but for his interventions by telephone, the investigation would have taken longer. I accept that he was told that. But my decision is based on how long the investigation actually took, not on how long it might have taken in different circumstances. Finally, I can understand why the bank was unable to tell Mr J exactly how long its investigation might take; that was dependent upon what any information showed.

In conclusion, I am satisfied that Cater Allen was within its rights to delay crediting W's account and that its investigation was completed within a reasonable time.

My final decision

For these reasons, my final decision is that I do not uphold W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 31 July 2025.

Mike Ingram
Ombudsman