

## **The complaint**

Mr L complains Tranzfar Ltd unfairly blocked his account and returned funds to sender.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr L opened an account with Tranzfar on 15 November 2023. On 16 November 2023 Mr L received an incoming payment of £839.36 which was flagged by Tranzfar. Mr L was asked for more details regarding the source of the payment and his entitlement to funds.

Mr L provided some details to Tranzfar - he explained that the payment was for him and the sender was a bookmaker. Tranzfar didn't consider the information provided by Mr L to be sufficient to allay concerns it had. As a result, it made the decision to close the account and return the payment to sender.

Unhappy with the handling of his account, Mr L raised a formal complaint. In its final response letter dated 5 November 2024 Tranzfar explained that the incoming payment was for a third party not Mr L, and although it had asked Mr L for the purpose of the payment and who this third party was, Mr L didn't provide sufficient evidence.

Mr L remained dissatisfied and referred his complaint to our service, explaining his account had been unfairly closed and the funds shouldn't have been returned to sender. An Investigator reviewed Mr L's concerns, and in summary made the following findings:

- Tranzfar had the right to restrict the account, and to carry out a review. It can also ask for information about incoming payments.
- The intended beneficiary of the payment was someone with a different name to Mr L.
- Mr L didn't give Tranzfar the information they needed, so the money was returned to source. Mr L can contact the bookmaker about the funds.
- The account was closed in line with the terms and conditions of the account.

Mr L remained unhappy and maintained Tranzfar had acted unfairly. As no agreement could be reached, the case has been 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.

Firstly, I am sorry to see Mr L has had cause for complaint – I can understand his frustration with the situation, especially given his recent comments. However, having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

I'll start by setting out some context for the review of Mr L's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations and aim to detect financial crime and fraud and protect customer interests. In Mr L's case I'm satisfied Tranzfar was complying with these obligations when they reviewed the payment into Mr L's account.

Mr L's account was blocked and reviewed once Tranzfar noticed the incoming payment that had the details of a third party. In light of its regulatory and legal obligations I'm satisfied it acted fairly by blocking Mr L's account and had no obligation to tell Mr L the basis of its concern or forewarn him of its intention to carry out such a review. I must also highlight the terms of Mr L's account – which he agreed to when the account was opened, allow Tranzfar to review certain transactions and block the account whilst it conducts reviews.

Whilst the account was blocked Tranzfar asked Mr L for details of the incoming payment. I've looked at what Mr L told Tranzfar – as well as the information he has provided to this service to decide whether there is sufficient evidence to support his assertion that the funds are legitimately his. Mr L says the payment were for winnings and the sender was a bookmaker. Tranzfar asked for proof of winnings – but I can't see that Mr L has provided substantive evidence to show his entitlement to the winnings. I can also see Tranzfar asked for details of the third party, and although some information was provided, this wasn't enough to satisfy Tranzfar that it would be appropriate to release the funds.

The evidence provided to Tranzfar and the due diligence checks it conducted led to its ultimate decision to close the account. Tranzfar is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Tranzfar should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied Tranzfar's decision was made fairly.

The terms and conditions of Mr L's account set out that the bank can close the account by providing notice. In certain circumstances, it can also close the account immediately. In this case Tranzfar blocked the account, and then closed it, so I consider this to be akin to an immediate closure. For Tranzfar to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that Tranzfar has provided, I'm satisfied that it did.

I've thought carefully about Mr L's comments about the impact of Tranzfar's review on him. Given the severity and impact an account block can have, there is an expectation that any review should be carried out in a timely manner. I can see Mr L's account was blocked for many months and the payment was retained by Tranzfar for a significant period of time. However, based on the timeline of events it appears this was due to Tranzfar awaiting further evidence from Mr L and I can't see that it has caused any undue delay. So I don't think awarding compensation would be appropriate or fair.

Mr L says the experience has cost him money and he has been treated for the emotional and psychological stress due to Tranzfar's actions. Although I sympathise with Mr L's situation, I won't be directing Tranzfar to compensate him as I don't find it acted unreasonably in the circumstances.

I'm sorry this isn't the outcome Mr L hoped for, and I know he will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Tranzfar to take any further action or compensate Mr L.

### **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 Mr L to accept or reject my decision before 10 July 2025.

Chandni Green  
**Ombudsman**