

## The complaint

Mr M complains J.P. Morgan Europe Limited, trading as Chase, closed his account with inadequate notice and without explanation. Mr M also complains that he was provided with poor customer service, particularly in not being sent account statements to help him move regular payments as promised.

Mr M says Chase's actions have caused him significant distress and inconvenience for which he should be compensated.

## What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

On 2 April 2024, Chase uploaded a message on Mr M's banking app that it was intending to close his account. Chase had previously attempted to call Mr M who says he was abroad at the time. Just under a week later, Mr M says he discovered the message and called Chase who were unable to definitively explain when his account would be closed and why it had decided to do so. Mr M's account was closed the following day on 9 April 2024.

Mr M says he was then locked out of his banking app and as a result couldn't view his statements to help him identify and transfer regular payments to a new account provider. Mr M says he couldn't receive them postally as he was away, and Chase failed to send them to him causing him further distress and inconvenience. Mr M adds that despite promises, he wasn't sent the statements in a way he could view them – only through the app, which he no longer could access.

Mr M says Chase should have given him two months' notice in line with its terms and conditions as the terms for closing the account with less notice don't apply to him and his circumstances. Unhappy, Mr M complained. Chase didn't uphold Mr M's complaint. In summary, it made the following key points:

- The account was reviewed by its specialist team, who may also block it whilst they do so. Chase then decided to close Mr M's account with immediate effect due to Mr M breaching its terms and conditions.
- 12 months' statements were posted to Mr M on 15 April 2024.

Mr M referred his complaint to this service. One of our Investigator's looked into it, and they recommended it wasn't upheld. In short, their key findings were:

- Chase was entitled to close Mr M's account, and it was acting in line with its obligations when reviewing and restricting it. Chase is under no obligation to provide an explanation for its actions.
- There isn't enough evidence to warrant awarding any compensation to Mr M for any distress and inconvenience he suffered.

Mr M didn't agree with what our Investigator said. In summary, the key points he made were:

- Call recordings and other key evidence hasn't been reviewed or considered.
- All his complaint points haven't been addressed, nor has he been given an adequate answer about Chase's decision to close his account.
- Clear rationale hasn't been provided for not awarding compensation. Mr M isn't contesting that Chase is able to close accounts.

Mr M also made a point about not being paid all the interest on his funds before they were transferred by Chase to his nominated account. Our Investigator explained that Chase would need to look into this first as a separate issue. They also didn't think Mr M's further points made any difference to their recommended outcome.

As there was no agreement, this complaint was passed to me to decide. I then asked both parties for more information. Chase provided me with call recordings, chat transcripts, and other technical information from its systems. It also agreed that I can explain why it decided to close Mr M's account.

When asked why he was receiving business related payments into his personal account, Mr M explained that he had applied for a start-up loan backed by the government. But though this was for his business, the loan was given to him as an individual which meant the funds had to be paid into his personal Chase account before he moved them on to his business. To support this, Mr M has provided his credit agreement and said he had explained this to Chase over the phone. He adds that this explanation was provided to reassure Chase he wasn't using his personal account for business purposes given the loan was a personal one.

Mr M also explained he had not used his account overall for any business purpose and explained what the payments he had received were for. This included wages from a company he 'worked for' – who I will now refer to as AF. He explained that other payments that may appear business related were from a friend who was using a commercial term, "summit", as a joke for a holiday they went on. And that another one with 'client monies' in the reference related to personal investments.

I then sent both parties my provisional decision, in which I said I was planning on upholding this complaint in part. For ease of reference, here is what I said:

#### Provisional decision

*"I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.*

*If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr M and Chase have said before reaching my decision.*

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so, I am planning on upholding this complaint in part. I'll explain why.*

#### Account review and closure

*Banks in the UK, like Chase, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.*

*Chase say it explained to Mr M in November 2023 that his account was only to be used for personal use. And in April 2024, it suspected he was using it for business purposes which breaches its terms and conditions. Because of this Chase reviewed and restricted Mr M's account. I'm satisfied Chase acted fairly in doing so.*

*Chase is entitled to close an account just as a customer may close an account with it. I note Mr M isn't contesting this point. But before Chase closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Chase and Mr M had to comply with, say it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.*

*To be precise, given the context of this complaint, the pertinent part of the terms says:*

*"All accounts are for your personal use only. For example, you must not use these accounts for a business or to hold money for someone else"*

*"If we want to end the agreement.*

*We can end the agreement immediately without advance notice if you:*

- seriously or persistently break this agreement;*
- are no longer (or were not) entitled to have your account or the service;*
- act abusively, offensively or violently towards our staff (including anyone acting on our behalf);*
- have provided us with any false information; or*
- haven't provided us with adequate information that we've reasonably requested to comply with our legal or regulatory requirements.*

*We can also end the agreement immediately without advance notice if we reasonably believe that:*

- you are using an account, service or money illegally or fraudulently;*
- you're using the account for a purpose not covered by this agreement;*
- keeping your account open would cause us (or a group company) to be in breach of a legal or regulatory requirement;*
- you're involved in criminal activity; or*
- there's been a breach of security or misuse of your account, security credentials or payment device.*

*If we have any other reason to end the agreement, we will give you at least 2 months' advance notice"*

*Chase closed Mr M's account with immediate effect. It has provided me with call recordings which marry with its assertion that the specialist team who were reviewing his account attempted to call him. The account was later closed without speaking to Mr M.*

*As I've already said, Chase concluded Mr M was using his account for business purposes. It adds that one of its agents told Mr M on a call in November 2023 that it could only be used for personal purposes. Chase point to the terms saying Mr M's use of the account for*

*business purposes is evidence he seriously and persistently broke the agreement, and he was using it for a purpose not covered.*

*Mr M has strongly contested he was using his account for business purposes and has – as set out above – given explanations for the transactions which may have given Chase this impression.*

*What I find key here is that Chase wanted to speak to Mr M when it restricted his account. I think its most likely this was to find out more about the transactions it had concerns about. But it appears that after a few days, despite Mr M calling Chase, it decided to close the account and determine it was being used in a way which breached its terms and conditions.*

*I would have expected Chase to carry out some due diligence and appropriately and tactfully speak to Mr M to understand what any transactions it had concerns about were for. So, I think it fell short here especially as Mr M told it on 8 April 2024 that he was abroad – which would likely answer why he hadn't been able to return its specialist teams calls. And this was the day before Chase closed the account.*

*The question I'm then presented with is whether had Chase done what it ought to have, if the information Mr M would have given it would have made a difference. To do so, I think I need to address two key regular transactions; the one's from AF and then the start up loan transactions.*

*The credit agreement from the start up loan shows it was made to Mr M personally. He has explained that this was how the government scheme operated. This means he was personally liable for those funds – not any business he was part of. Given this matter could be construed either way in terms of whether it does form a business purpose, I think its most likely that if Chase didn't like it would've been fair and reasonable for it to close Mr M's account with two months' notice. I'm persuaded he was acting in good faith – and importantly in one of the call recordings I've listened to, he explained this to Chase's agent when a prior scam check was being carried out.*

*Mr M says he was being paid wages for work he had done for AF. I have checked the government's companies house website and note Mr M is an active director for AF. So, its plausible that these payments from AF were salary. I note however that I haven't seen any wage slips and the amounts paid to him are rounded numbers. But that could be because the tax liability was personally Mr M's.*

*So, for the reasons above, I'm not persuaded that Chase acted fairly when closing Mr M's account with immediate effect. It should have taken the opportunity to make further enquiries when Mr M was able to contact it to determine if he was using the account in breach of the agreement.*

*But, as I've said, had Chase been presented with that information by Mr M in the way he has with this service, I'm persuaded it would have been able to close Mr M's account with two months' notice and without any restrictions being placed.*

*That means Chase has got things wrong, and it should compensate Mr M for the distress and inconvenience this caused him.*

#### *Customer service and bank statements*

*It's understandable why Mr M wanted his statements when learning Chase was closing the account. He says this was mainly to help with identifying regular payments and move them over to a new account provider. Mr M says that he was promised the statements but updates*

*from Chase only pointed him to the banking app which he no longer had access to.*

*Mr M says he raised this with Chase, who said it would send them by email. When I asked Chase about this it couldn't "provide a definitive answer as to why the request was not sent via email, as upon reviewing the case it states it should have been sent via email and there is no notes to confirm why the request could not have been carried out via email".*

*Given Chase recognise it should have sent the statements by email but didn't, I'm satisfied that it failed in providing appropriate customer service here. And that this would have exacerbated Mr M's distress and inconvenience with the account closing with immediate effect. So, I will take this into account when considering what I think fair compensation should be.*

*Mr M has also said he was promised a manager callback which didn't materialise. He's also shown that he had many calls to Chase with some lasting over an hour. When accounts are closed by banks its generally the case that little information is given about why this has been done. I should add that Chase, like other regulated businesses, are under no obligation to give an explanation. So, I think some of the lengths of these calls were unavoidable given Mr M wanted to know what was going on and why.*

*However, I haven't seen any evidence that Mr M was called back by a manager as promised. I'm also persuaded that many of these calls Mr M made would've been avoided had Chase closed the account with two months' notice. So, this will also factor into what I consider to be fair redress.*

#### *Fair compensation*

*Mr M has explained that he had to urgently move his regular payments over to a new account at a time he was abroad. Had Chase given Mr M two months' notice as I think it should have, the inconvenience and distress an immediate closure caused him would've been avoided. Chase should also have taken additional steps to discuss Mr M's account activity, as it had attempted but not followed up on.*

*Given how Mr M says this has impacted him, and given the failings with its customer service, I'm minded to award Mr M £400 for the distress and inconvenience he's been unfairly caused. In mitigation, I note Mr M was able to get another account and transfer his funds a few days after closure".*

Mr M agreed with what I said I was planning on deciding. Chase says my provisional decision doesn't fully reflect the circumstances of this complaint, and it's sent me further arguments and evidence to consider. In summary, the key points it makes are:

- Chase hadn't restricted Mr M's account to speak to him again when trying to call him. But Chase had restricted it the account to progress the account closure process. Chase also previously warned Mr M to not use the account for business purposes, but payments continued to be made for this use.
- The call on 8 April 2024 was an inbound call from Mr M in which he wanted to raise a complaint. Chase's call to Mr M on 2 April 2024 wasn't to discuss his account status or discuss its decision further. The purpose was to obtain account details to release the funds to. So, Mr M was aware of the account closure on 2 April 2024.
- Chase's General Account Terms and Conditions strictly state that its customer's account is for personal use only, and it goes on to state that Chase can immediately offboard its customer should they use their account for a purpose not covered by the

agreement, for which business activity is not covered.

- Mr M had previously confirmed he was using the account for business purposes. He also confirmed previously that he would stop making any payments for business usage. Unfortunately, on the back of this warning and acknowledgement, the activity continued, and these payments took place for the next two months after. These payments are the same ones being referred to as “AF”. Mr M did at the time acknowledge these payments to have been business related.

I will now decide this complaint.

### **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 now done so again, I have decided to uphold this complaint in part. The reasons for doing so are in my provisional decision – see above. I will of course explain my reasons for not changing my mind in relation to the arguments presented by Chase in response to my provisional decision.

- I acknowledge that Chase says it restricted the account to initiate its closure process as Mr M had used his account for business purposes despite being warned not to. But I have already explained that given the circumstances, it would have been appropriate and reasonable for Chase to have enquired with Mr M about the new transactions it had concerns about. I've already set out how these appear to be in good faith and salary payments. And that Mr M had already explained to Chase on the phone the loan payments were paid into his personal account as that's the way the scheme worked. This would have allowed Chase to carry out due diligence, something it now says it never set-out to do.
- As I said in my provisional decision, the loan payments arguably could be construed either way as 'business use'. But given Mr M holds personal liability under the credit agreement, and those payments had to be defunded to him personally, I'm still persuaded he was acting in good faith. Particularly, as he explained this to Chase who didn't ask him not to do so.
- Chase may have still closed the account after speaking to Mr M for an explanation and requesting supporting evidence for the payments it had concerns about. But it failed to do this.
- But I think from the evidence I've seen; it had basis enough to think there was a risk he may be using it for business purposes – but not definitively that he was. I should add that I think this is a very finely balanced issue, so I can see why both parties feel strongly about it.
- So, for these reasons, I will be directing Chase to pay Mr M £400 compensation for the distress and inconvenience its failings caused Mr M.

### **My final decision**

For the reasons above, I have decided to uphold this complaint in part. I now direct J.P. Morgan Europe Limited, trading as Chase, to pay Mr M £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 25 April 2025.

Ketan Nagla  
**Ombudsman**