

The complaint

A company that I will refer to as L, complains that Allica Bank Limited unfairly blocked then closed its bank accounts without providing a proper explanation.

L also complains about how long it took Allica to release its closing balance and the service Allica provided.

Mr R, a director of, L brings the complaint on behalf of L.

What happened

L had two business current accounts with Allica.

In April 2025, Allica reviewed L's account to comply with its legal and regulatory obligations. Whilst it completed its review Allica blocked L's accounts.

Following this in May 2025, Allica decided to close L's accounts with two months' notice and sent Mr R a letter to let him know he'd need to make alternative banking arrangements for L.

Mr R was shocked to receive the letter and contacted Allica to find out why it had decided to close L's accounts. And how he could access the money in L's accounts. Despite multiple inquiries to Allica, both via phone and email, Mr R wasn't given much information. Allica released L's balance on 2 June 2025.

Mr R complained. He said he had to quickly rearrange new bank accounts for L, and his business had been severely disrupted as a result of Allica blocking and holding onto L's money. In response, Allica apologised and said that it hadn't done anything wrong when it had blocked and closed L's accounts. And had done so in line with the terms and conditions of the accounts.

Mr R remained unhappy and brought his complaint to our service. He said the closure of L's accounts caused significant inconvenience to L including:

- Contractors refusing to work until they received payment which strained professional relationships.
- Clients' payments having to be redirected.
- Suppliers and mortgage payments had to be reorganized quickly.
- Diverting his attention away from the day-to-day running of L's business to deal with the administrative issues resulting from Allica's actions.

One of our investigators looked into L's complaint and said that Allica hadn't done anything wrong when it had blocked and closed L's accounts.

Mr R disagreed. He said he had to find another account for L quickly and his business suffered as a result. He wants Allica to explain why it closed L's accounts.

As no agreement could be reached the matter has come 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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Allica has treated L fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

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 focused 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. But I have read all Mr R's submissions.

Allica are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations they must meet when providing account services to customers. They can broadly be summarized as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial crime. Allica will review accounts to comply with these responsibilities.

I've considered the basis for Allica's review, which includes the information Allica shared with us in confidence, and having done so I find this was legitimate and in line with its legal and regulatory obligations. Allica is entitled to take the actions it has in relation to L's account. Its terms explain that it can and will place restrictions on a customer's access to funds in certain circumstances. This is what it did here. It also told Mr R what it had done.

Allica has provided some further details of its decision-making process, which led to the suspension of L's accounts. I'm sorry but I can't share this information with Mr R due to its commercial sensitivity. But I've seen nothing to suggest Allica's decision around suspending L's accounts was unfair. On balance when considering Allica's wider regulatory responsibilities and all the information available to me, I find Allica had a legitimate basis for suspending L's accounts.

I appreciate that Mr R wants to know more about why Allica did what it did. And he has asked Allica to explain itself on several occasions. But Allica isn't obliged to tell Mr R why it blocked L's accounts, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

Following its review Allica decided to close L's accounts. As the investigator has already explained, it's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial

institution is entitled to take. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

The terms and conditions that applied to L's current accounts set out that Allica could close its account by giving L at least two months' notice. In some circumstances it could close the accounts immediately. Allica sent Mr R a letter in May 2025; to let him know it had decided to close L's accounts with two months' notice. However, L's accounts were blocked until they were closed, so I consider they were closed immediately.

For Allica 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 Allica has provided, including the information Allica has provided to this service in confidence, I'm satisfied that Allica did. And that it was entitled to close the accounts as it's already done. So, I can't conclude that Allica treated L unfairly when it closed its accounts.

Allica isn't obliged to disclose the reasons for its decision to close L's accounts. And I can't reasonably force it do so. As much as Mr R would like to know. So, I won't tell Allica to explain its decision to Mr R, because having looked at all the evidence I'm satisfied that Allica was entitled to close the accounts in the manner it did.

Finally, Mr R says Allica took too long to release L's account funds. I can see that there has been a protracted back and forth between Allica and Mr R over several emails. Mr R has said that Allica didn't respond and sent him contradictory emails about when he would gain access to the money in L's accounts, which he found frustrating. As a result, he had to spend time chasing Allica to understand exactly what was happening with the accounts.

I can see from looking at the evidence that Mr R did contact Allica on more than once occasion – seeking an explanation for when he would get the money in L's accounts. So, I have looked at the information Allica provided about what it was doing during the time L's accounts were blocked. Having done so, I am satisfied that Allica didn't cause any unnecessary delays and were complying with its legal and regulatory obligations before releasing L's funds. So, I'm not requiring Allica to compensate L for any trouble L may have experienced because of the time taken for Allica to carry out its review, and the further dissatisfaction Mr R experienced which ultimately flowed from not having access to the funds in L's accounts, including his unhappiness with Allica's communication and the information it didn't provide him.

In summary, I recognise how strongly Mr R feels about L's complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling Allica to do anything more to resolve L's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 20 January 2026.

Sharon Kerrison
Ombudsman