

## The complaint

B a limited company complains that Allica Bank Limited blocked and closed its accounts. B would like compensation for the loss of interest as well as the time spent by B's director dealing with the issues. He wants to know the reason for the closure, and he would like an apology.

B is represented by its director Mr B

## What happened

The details of this complaint are well known to both parties, so I won't repeat them in full again here. Instead, I will summarise the main points.

- B had 3 accounts which it opened with Allica in April 2024.
- The accounts were two fixed term accounts and one easy access deposit account.
- Allica blocked B's accounts on 31 May 2024.
- B's accounts were closed with immediate effect on 27 November 2024.
- B's funds were released on 18 February 2025.
- Mr B, on behalf of B contacted Allica on numerous occasions because the accounts weren't visible on the App or online. Mr B didn't always receive a response to his communications.
- Mr B complained to Allica who said: they followed their terms and conditions when they had closed the account.
- Mr B bought the complaint to our service. The investigator agreed that Allica should pay B interest on the fixed terms. As well as £200 for the time B spent to resolve the issue.
- The total interest was £3,334.96 and was calculated as follows:

Savings account ending 637 was due to mature on 2 April 2025. B let us know that he was able to open a new savings account at 3.93% interest on 25 February 2025. So, I think that Allica should provide 5.05% from 19 February 2025- 24 February 2025. And the difference between 3.93% and 5.05% from 25 February until the end of the fixed term (2 April 2025). In coming to this conclusion, I've considered that the 5.05% interest rate isn't one that would've been widely available in February 2025. And B quickly took steps to put the funds back in a savings account.

Savings account ending 158 was due to mature on 16 April 2025. So, I think Allica should provide 5.15% from 19 February 2025- 24 February 2025. And the difference between 3.93% and 5.15% until 16 April 2025.

In terms of the easy access account- B had a loss of use of these funds. I think Allica should pay the difference between the interest accrued (it appears to be 3.05%) and the 8% simple interest that we would award. This is from the date the account was

blocked on 31 May 2024 - until the funds were returned on 18 February 2025.

- Allica agreed with the view. B agreed with the interest but disagreed with the compensation payment of £200.
- B has said they think £6,000 is a fairer amount. Mr B says he spent five and a half days pursuing the issue and this complaint.
- The investigator issued a second view. She thought £200 was fair and in keeping with the awards this service makes in these circumstances.
- Mr B, on behalf of B, disagreed with the second view. He says he would like £6,000 compensation for the time he spent and a letter of apology from Allica as well as a letter of explanation regarding closure, and the reasons for it; poor treatment of B and failure of Allica to adhere to its values.

As there was no agreement 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'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 that Mr B on behalf of B and Allica have said before reaching my decision.

My outcome focuses on the relevant key issues, and on what I consider fair and reasonable in all the circumstances of the case.

As both B and Allica have agreed the interest amount I don't plan to look at that aspect of the complaint.

I will however concentrate on the outstanding points where there hasn't been agreement reached.

- Mr B, on behalf of B, has said he received no explanation for the closure.
- Allica didn't deal honestly with B despite website promises. Because Allica hasn't been proactive in responding to these complaints Mr B has had to pursue the case with our service.
- The amount of £200 is inadequate to compensate for the time Mr B has spent pursuing this issue and is trivial amount to Allica as it does not incentivise good practice. Mr B says this has been prolonged, time-consuming and stressful.
- Mr B wants to know if B's accounts were closed because he didn't answer the source of funds questions regarding the deposits. He considers that the incompetence of the compliance officer is to blame for this.

As Mr B will be aware 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. I am satisfied Allica were complying with these obligations when they reviewed B's account. Mr B says he was asked information regarding the source of the funds in B's accounts. I can't say that Allica were acting unfairly when they asked these questions and they were complying with their legal and regulatory obligations.

Allica decided to close B's accounts on 27 November 2024 with immediate notice. I've considered whether Allica acted fairly here. I've looked at the terms and conditions of B's accounts. The terms and conditions outline that the bank can close a customer's account immediately in certain circumstances. In this case Allica closed B's accounts without notice. 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, I'm not satisfied that the bank has applied the terms fairly. Because of this Allica have agreed to pay B for the loss of interest it has incurred as a result of the immediate closure. I think this is fair and I won't be asking Allica to do anything else.

Mr B has said that the reason he chose Allica for B's deposits was because of the transparent and ethical claims made by Allica on their website. I know that Mr B is very disappointed that Allica haven't lived up to his expectations, and he says if they had been more proactive, he wouldn't have had to spend time and energy pursuing the complaint against them with this service. Whether Allica are misrepresenting themselves is not a matter that we can look at as a service. If Mr B is concerned, he may wish to contact the regulator the Financial Conduct Authority or the Advertising Standards Board.

Mr B's main concern is regarding the amount of compensation awarded. He says £6,000 is fair considering the amount of time he has spent pursuing this issue. The investigator has awarded £200 in keeping with our approach in these sorts of cases.

Mr B has provided us with a calculation regarding the hours he has spent and his rate which has led him to this figure of £6,000. I thank Mr B for this information.

I know Mr B is seeking more compensation based on his hourly rate for the amount of time he had to spend contacting Allica and pursuing this complaint. But I should explain that we don't usually award compensation on the basis of a complainant's usual business or professional hourly rate. That's not because we think a complainant's time has no value. But basing compensation on a person's business or professional hourly rate could suggest one person's free time is worth more than another person's free time. And it might not reflect the true impact of the error on the complainant.

Mr B can charge his clients for his professional or business expertise at an hourly rate. But Mr B wasn't providing a business or professional service to Allica. And he hasn't provided any evidence that contacting Allica meant he was unable to carry out his usual work or lost out on any business income. I don't think based on the available evidence that Mr B suffered a financial loss.

As I've said we don't compensate customers at an hourly rate. Mr B will have had some extra work over and above his day-to-day work trying to sort out the issues with B's deposit accounts. The investigator has said she has taken into consideration that the accounts weren't B's main business account. I agree that this is relevant. As the accounts were savings accounts, they didn't affect the day-to-day operations and cashflow of the business. Considering everything including the type of account and our approach I think the £200 awarded is fair in the circumstances.

I know Mr B thinks that such a low amount doesn't incentivise Allica to get things right. As Mr B has been told it isn't our remit to punish a business for any errors it may have made or

to require it to change its processes, so I don't agree with his reasons. In summary I'm satisfied that £200 is fair compensation for the time B's officers were distracted from pursuing the main business of the company. And I won't be increasing this.

Mr B has said he wants to know the reason for the closure of B's accounts.

I understand that Mr B wants Allica to explain the reason it applied the block to B's accounts and subsequently closed them. And provide him with the information it relied on to do so. But Allica doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr B the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr B representing B this information. And it wouldn't be appropriate for me to require it to do so.

### **My final decision**

My final decision is I partially uphold this complaint. I direct Allica Bank Limited to pay B the following:

- £200 compensation for the time B's officers were involved in pursuing this complaint.
- Interest of £3,334.96 which has been calculated as follows

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Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 15 May 2026.

Esperanza Fuentes  
**Ombudsman**