

## **The complaint**

M, a limited company complains that Advanced Payment Solutions Limited (APS) unfairly blocked its account.

M is being represented by its director, Mr A.

## **What happened**

M has a business account with APS.

In August 2022, APS decided to review M's account as part of its Know Your Business (KYB) process. APS wrote to Mr A, asking him to provide information about his business, including invoices relating to cash payments, the business model, proof of his identification and his address. APS also asked Mr A to provide information about whether M was VAT registered. Whilst it completed its review and waited for Mr A to provide the information APS blocked M's account.

In response Mr A sent APS some information relating to his identification and address. APS looked at the information and said it wasn't sufficient. So, it asked Mr A to send in the information it had previously requested about the cash payments, VAT and M's business. Throughout August and September 2022, APS chased Mr A to provide the outstanding information. But he didn't do so.

In September 2022, APS decided to close M's account. It wrote to Mr A giving him 60 days' notice that he would need to make alternative banking arrangements for M. Mr A rang APS and said he would provide the outstanding information. APS said that it would postpone the closure of the account and look at anything Mr A was able to provide. However, it said M's account would remain blocked until Mr A was able to satisfy APS's KYB process. APS wrote to Mr A setting out clearly what he needed to provide.

Unhappy with this response, Mr A brought M's complaint to our service where one of our investigator's looked into what had happened. Mr A said that he'd provided APS with everything they'd asked for and explained that M was soon to be VAT registered. So, he said APS were wrong to continue to block M's account. After reviewing everything the investigator said that APS hadn't done anything wrong when it had blocked M's account and didn't uphold the complaint

Mr A disagreed and asked for an ombudsman to review M's complaint. So, 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'll start by setting out some context for APS's review of M's account. APS has extensive legal and regulatory responsibilities they must meet when providing account services to

customers. Banks and financial businesses in the UK are also required by law to comply with Know Your Customer (KYC) requirements. In order to fulfil these obligations, they may need to review activity taking place on accounts and ask customers for information to establish the purpose and nature of a business as well as the origin of funds – it's entitled and obliged to carry out such checks.

This applies to both new and existing customers regardless of how many years a customer may have banked with APS. The terms of M's account also permit APS to review an account, ask for information.

The information APS asked M to provide is fairly standard information that banks, and other financial businesses are required to have in order to adhere to the Know Your Customer (KYC) responsibilities (also known as Customer Due Diligence or CDD and Know Your Business KYB), as set out by the regulator - the Financial Conduct Authority. So, in the circumstances, given that APS needed the information to comply with its regulatory obligations, I don't think APS's requests for Mr A to provide up-to-date information about his business, the nature of his business, and invoices for specific transactions is unfair or unreasonable.

I can see that APS initially asked Mr A for information in early August 2022. It followed up this request on several occasions throughout August and September 2022, which included telling Mr A exactly what he needed to provide and why the information he'd already submitted wasn't enough to satisfy its KYC process. It also explained to him that if he failed to do so it may close M's account.

I appreciate that Mr A has supplied APS with a number of documents on at least two separate occasions. And that not having access to the funds held in his blocked account has made things difficult for M. But I can also see that APS has told Mr A what he needs to provide in order for the block to be removed on several occasions. APS has also confirmed that the documents provided by Mr A to date aren't acceptable. Having looked at the documents I don't think that's unreasonable. So, it's up to Mr A to now provide the information necessary in order for APS to remove the block on M's account.

As I've said above APS are obliged under its legal and regulatory obligations to carry out ongoing KYC checks to protect accounts from identify theft, fraud, and financial crime. So, if they don't receive the necessary information that they request to allay those risks, I do not consider APS continuing to block M's account is a disproportionate measure for APS to take. I realise this will be disappointing to M, but I'm satisfied that Mr A been provided with a number of opportunities by APS to provide the information it needed. And to date he hasn't done so.

In summary, I recognise how strongly Mr A feels about what's happened. So, I realise he will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say APS have acted unreasonably and treated M unfairly in taking the actions it did.

### **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 M to accept or reject my decision before 28 November 2023.

Sharon Kerrison  
**Ombudsman**