

The complaint

Mr R is a sole trader trading as H. He complains that when he opened a business account with ClearBank Limited, his payment into the account was blocked for 14 days causing him to lose income.

What happened

In February 2023 Mr R opened a business account with ClearBank to take advantage of an opening offer. He deposited £750 but this payment was initially blocked for security checks to take place. The payment was made on 24 February but was not released by ClearBank until 9 March. He says that in the meantime he lost a possible job for which he was due to receive a payment of £3,000 and this put him in difficulty paying his mortgage and other payments.

ClearBank advised Mr R that the payment was held back for standard security checks. It said this was not something it could control and it couldn't promise timescales. It said that the process of monitoring account transactions was designed to keep the integrity of the account. Nevertheless, it could have elaborated and set proper expectations with him throughout the case. On this occasion, it said it couldn't justify the delay as the security check could have been completed earlier than 9 March.

ClearBank offered Mr R £100 compensation. It said that if he could provide evidence of his financial losses it would consider them.

On referral to the Financial Ombudsman Service, our Investigator said that ClearBank's terms and conditions allow it to block payments for further investigation at any point. She wasn't persuaded that Mr A had provided evidence of any losses.

Mr A was not happy and said that the Investigator should have asked for further details of why ClearBank blocked the transaction as he was concerned that his name was similar to another person who might have been involved in criminal activity.

The matter has been passed to me for further consideration.

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 think from considering the information that ClearBank has supplied to us and that given to Mr A, that the reason the payment was held up was because this was a new account and because ClearBank wanted to carry out standard security checks. This was to ensure that the payment that Mr A had made into the account was genuine. ClearBank did this in line with its standard terms and conditions. I appreciate that Mr A would like more information as to why his payment was blocked and that he would like us to obtain that information. But I don't think in this case that there is any indication that the initial block on the account was anything more than due to standard security checks. I take note that the payment was

released within 14 days and that ClearBank in its response to Mr A said the security checks should have been completed sooner. Whilst I note that Mr A has indicated that other payments on other accounts have also been held up, I'm looking here solely at the payment into his ClearBank account.

So I think that whilst ClearBank was entitled to carry out the security checks, it should have kept Mr A more clearly informed and that there was a delay in completing the security checks, more than was necessary. For this ClearBank has offered compensation of £100. I think that was a fair and reasonable offer for the further delay and the failure to keep him informed.

Mr A said the delay has caused him to lose profit of £3,000 on a job he was due to undertake. He says that the £750 was needed for purchasing supplies and that he would have gone ahead and done this and then been paid for the full job. Mr A was asked for evidence of any financial losses. However he says he had a verbal contract and hasn't been able to show us any documentary evidence. I can't see that the fact of this contract could have been shown anything other than by documentary evidence eg a written contract or written estimate and acceptance. In any event I'm not persuaded that the holding up of the £750 more than was necessary caused him to lose the contract.

I understand Mr A's point that not receiving a payment of £3,000 would have put him in difficulty in paying his mortgage and other payments but I'm not satisfied that this was a direct effect of him having his payment held up by ClearBank.

My final decision

ClearBank has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that ClearBank Limited should pay £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 27 December 2023.

Ray Lawley
Ombudsman