

Complaint

Miss M is unhappy that PayrNet Limited (trading as Pockit) didn't do more to help her when there was unauthorised activity on her account.

Background

Miss M has an account with Pockit. In May 2021, there were around 28 transactions on her account that she says she didn't make or otherwise authorise. The total value of those transactions was £2,635.

On 24 May, she informed Pockit that she hadn't authorised the transactions in question. It eventually agreed to refund those transactions but it didn't do so until 20 December. She chased Pockit regarding her dispute on 25 and 29 May and then on multiple occasions throughout June. On 2 June, she told Pockit that she was severely unwell and needed the funds as a matter of urgency. On 3 June, at Pockit's request, she highlighted the specific transactions that she hadn't authorised. On 7 June, Pockit contacted Miss M and asked her again which transactions she was disputing – a request she'd already responded to on 3 June.

Four days later, Pockit asked her to complete a declaration that she hadn't been responsible for those transactions. After several further exchanges of messages and Miss M chasing Pockit on multiple occasions, she was told that her complaint would be referred to the chargeback team. On 5 July, she reminded Pockit that her health was extremely poor and that she needed her dispute to be looked at as a matter of urgency. It wasn't until 20 December that Pockit agreed to pay a refund of the transactions to Miss M and accepted that it should've done so sooner.

Unfortunately, from what Miss M has told us, her personal circumstances were exceptionally difficult during this period and she says they were exacerbated by Pockit's failure to deal with her complaint promptly. Miss M told us that she was living in accommodation at the time which wasn't suitable for her clinical needs. Her limited mobility meant she needed a property with a wet-room, and she needed a second bedroom for a live-in carer. She was instead in a one-bedroom home with a conventional bathroom.

Her local authority had been keeping her informed of available properties in her local area and she'd been told she had a very high level of priority on the bidding system employed for the allocation of social housing in her council area. However, she'd been told that there would be some expenses that would fall on her once a suitable property had been found. The property would likely be unfurnished and not have basic white goods, including a cooker. Miss M tells us she'd been saving her money to finance the costs associated with such a move knowing that, once it had taken place, there would be an immeasurable improvement in her quality of life.

Unfortunately, she says that the loss of the funds to these unauthorised transactions meant that a move was immediately unaffordable to her. She wasn't refunded those transactions for around seven months with the effect that she was forced to remain in a property that was unsuitable for her needs for that period.

Furthermore, she tells us that during this time she was spending money on essential supplies, including incontinence products and a powdered energy drink fortified with micronutrients (something she'd done on and off for some time as a result of her medical conditions). Evidence from a district nurse involved in Miss M's care shows that there have been severe practical problems with medical personnel visiting her at her home. This was primarily due to her severe anxiety disorder.

She referred her complaint about Pockit to this service and it was looked at by an Investigator. Pockit had already agreed to refund the disputed transactions and so the Investigator only commented on whether it needed to pay any further compensation to Miss M. The Investigator thought Miss M had incurred additional expenses during this period and thought Pockit should pay £600 to compensate her for them. The Investigator thought that, if Miss M had moved into her new home, her care plan would've been reassessed and this would've likely led to some of the items she was spending money on privately being made available to her on prescription. He thought the delays meant that she'd had to spend more money on sourcing these items privately than she otherwise would've done. He also thought Pockit should pay her £1,000 in recognition of the distress and inconvenience it caused to her in the way it handled her claim.

Pockit disagreed with the Investigator's opinion. It said:

- It didn't accept that Miss M would've incurred any costs when moving to a new home.
- It didn't think it should be expected to cover the cost of any medical supplies or supplements. It's likely that she would've been provided with adequate supplies for free and so any additional spending was at her discretion.
- An award of £1,000 for distress and inconvenience was disproportionate and not in line with the amounts awarded on other cases it had seen.
- The Investigator doesn't have the required medical qualifications to form a judgement as to whether the property was suitable for someone with Miss M's needs or to assess the psychological impact of her claim. It said that *"any impact on [her] health, physical or mental, would have to be assessed by a medical professional."*

It agreed to pay Miss M £200, which she rejected. Because Pockit disagreed with the recommendation of the Investigator, the complaint has been passed to me to consider and issue a final decision.

Findings

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

Pockit has already accepted that it should've refunded the disputed transactions much sooner than it did. The only issue I must consider therefore is whether it should also pay her additional compensation. After careful consideration, I am persuaded that it does need to do so, and I've set out my reasons below.

Financial loss

Pockit has already paid the £2,635 to Miss M. However, the Investigator argued that Miss M paid around £1,200 for essential supplies during the period in which she was waiting for Pockit to deal with her complaint. He said that some of these costs would eventually be picked up as part of her revised care plan – for example, incontinence products and powdered nutritional drinks are both items that could've been made available to Miss M on

prescription. However, he conceded that there was uncertainty about some of the items Miss M was paying for and whether they'd be available to her for free. As a result, he thought the fair and reasonable thing to do was to ask Pockit to compensate her for 50% of these expenses.

However, I'm not persuaded it's fair to ask Pockit to compensate her for these costs. While I think it's likely that Miss M has incurred additional financial expenses as a direct result of her move to new accommodation being delayed, I don't think these expenses were foreseeable. I can see that Miss M was very clear with Pockit that she was in exceptionally poor health and that it was critical that her claim be decided as a matter of urgency. However, I don't think it was on notice that delaying the claim would likely result in her incurring these additional costs. For those reasons, I don't direct Pockit to pay Miss M any further compensation for financial loss.

Non-financial loss

I've also considered whether it would be fair and reasonable for Pockit to pay Miss M further compensation in recognition of her non-financial losses. DISP 3.7.2R sets out the types of awards an Ombudsman can make:

a money award may be such amount as the Ombudsman considers to be fair compensation for one or more of the following ... (1) Financial loss (including consequential or prospective loss); or (2) Pain and suffering; or (3) Damage to reputation; or (4) Distress or inconvenience.

As the deciding Ombudsman, I must reach a decision on what I think fair compensation is in all the circumstances of this case. We've published guidance for firms on our website setting out the general factors we'll consider when determining how much to award for non-financial loss. It divides up the awards into several different bands.

One of those bands (£750 to £1,500) is described in the following terms:

An award of over £750 and up to around £1,500 could be fair where the impact of a business's mistake has caused substantial distress, upset and worry – even potentially a serious offence or humiliation. There may have been serious disruption to daily life over a sustained period, with the impact felt over many months...

The higher band (£1,500 to £5,000) is described in the following terms:

An award of over £1,500 and up to around £5,000 is appropriate where the mistakes cause sustained distress, potentially affecting someone's health, or severe disruption to daily life typically lasting more than a year. A mistake that has an extremely serious short-term impact could also warrant this level of compensation, but usually you'd expect some ongoing or lasting effects.

I'm persuaded that Pockit's inaction here has been the cause of Miss M's distress. She's provided evidence showing the costs that would be involved in her moving into her new home – including being expected to pay two-weeks rent upfront, purchase furniture and white goods. Being short of £2,635 during this period effectively meant that any move was impossible. She needed to wait until the refund had been paid to her. It's significant that she was able to move into a new property very promptly after the refund had been paid to her. The impact this inaction had on Miss M was clearly significant. There are unmistakable parallels between her circumstances and those described in our published guidance on this topic. Miss M continued to live in accommodation that was plainly unsuitable for her needs. It resulted in a delay to her being provided with a live-in carer and she had to live in a property

without a wet room which meant it was difficult for her to maintain basic hygiene. She's provided evidence from a nurse involved her care showing that she has suffered with severe psychological ill health throughout this time and that this has been exacerbated by the prolonged delay in her move to suitable accommodation.

In response to the Investigator's view, Pockit cited five different decisions issued by Ombudsmen in which an award for distress and inconvenience was lower. It's not clear what argument it was making by doing so. The facts of those five cases are completely different to Miss M's and they're of no use in respect of working out what fair compensation is in this case.

Pockit offered Miss M £200 in response to the Investigator's view. It's disappointing that it considered it appropriate to offer such a small sum given how clearly the impact of its error had been explained. Overall, I'm satisfied that a fair sum in recognition of the pain and suffering, distress and inconvenience caused to Miss M is an award of £1,600.

Final decision

For the reasons I've explained above, I uphold this complaint.

PayrNet Limited should pay Miss M £1,600 without delay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 10 April 2022.

James Kimmitt
Ombudsman