

The complaint

Miss H complains PayrNet Limited reviewed her PayrNet account and hasn't returned money paid into her account to her. She says this caused her financial problems.

What happened

Miss H had a Pockit account.

Miss H received her usual Department for Work and Pensions (DWP) benefit into her PayrNet account. And to receive money lent to her by friends and family who occasionally helped her out financially.

In August 2021, PayrNet reviewed Miss H's account after she received a payment of £500 into her account. While the review was carried out PayrNet blocked Miss H's account which meant she couldn't access her account or the money in it. As part of the review PayrNet asked Miss H to provide proof of her identification, address, and source of funds for recent payments into her account.

Miss H provided PayrNet with the documents they'd requested. She also explained that she used the account to receive her benefit payments. And that the £500 was money from a friend who was helping her out with money.

Over the following months, Miss H sent emails to PayrNet to try and get access to the money in her account and to complain about how long PayrNet's review was taking. In response, PayrNet asked Miss H to provide duplicate information and couldn't provide her with a timeframe for how long its review would take to complete. Miss H complained to PayrNet and said she was expecting her benefit payment to be credited to her account and needed access to the funds to pay her rent and provide for her child.

On 2 September 2021, during the review, Miss H's account received her benefit payment of just under £700 which was paid into the account by DWP. Due to the block on the account Miss H wasn't able to access the money.

On 29 October 2021, PayrNet wrote to Miss H to let her know it was closing her account and asked her to provide a bank statement so that it could release Miss H's balance back to her. Miss H provided a bank statement but PayrNet didn't release any money to her. So, Miss H complained.

PayrNet said it had returned the money in Miss H's account, including her benefit payment to source in December 2021 – in other words it had sent it back to where it had come from. Miss H checked with DWP, but they said they'd not received Miss H's September 2021 payment from PayrNet. Miss H says she was able to confirm that her friend who'd made the payment of £500 had received the remaining balance back. To date Miss H still hasn't been able to recover her September 2021 benefit payment.

Miss H complained to our service. She said being without her benefit money had made it difficult for her to manage financially. And that she'd not been able to make her rent payments. One of our investigator's looked into Miss H's complaint and to try and find out where Miss H's money was, asked PayrNet to provide information that confirmed it had actually sent all of Miss H's benefit payments back to DWP. She also sent PayrNet information that Miss H had provided which showed DWP hadn't received the September 2021 back from PayrNet. But PayrNet didn't provide any useful information to show where it had sent Miss H's benefit payment.

The investigator upheld Miss H's complaint. While she agreed Payrnet could review and block the account, she thought PayrNet should have given Miss H access to her benefit payments. And she thought it was likely PayrNet hadn't returned Miss H's benefit to DWP. She said PayrNet should return Miss H's DWP benefit payment to her along with 8% simple interest. And pay her £200 compensation for the trouble and upset she'd been caused.

Miss H agreed. PayrNet didn't respond.

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.

Firstly, the investigator was right to point out that PayrNet has important legal and regulatory obligations it must meet when providing accounts to customers. And it must take certain actions in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. Based on what I've seen, I'm satisfied that PayrNet were acting in line with these obligations when reviewing Miss H's account. And that it was entitled to take the action it did.

While PayrNet are entitled to review an account, we'd expect them to do so in a timely manner and without undue delay. PayrNet initially blocked Miss H's account in August 2021. I can see that Miss H provided them with the information they'd requested on two separate occasions. I note too that at the end of October 2021 Payrnet told Miss H it was closing her account and asked her to provide a bank account statement so that it could release her balance back to her. But despite Miss H sending PayrNet a statement it didn't release Miss H's September benefit money back to her. Instead PayrNet says it returned all the money in Miss H's account back to source.

Miss H says she has managed to trace some of the money that was in her account – money her friend had lent her and another benefit payment, which DWP confirmed it had received. But she can't locate the outstanding benefit payment. And DWP have confirmed it hasn't received it back. I find this concerning. Even more concerning is that PayrNet hasn't provided anything to show what it did with Miss H's money.

I've thought about what PayrNet has said about their internal transfers and the time it takes. But I don't think it is reasonable for a customer not to have access to their money for around six months. I can see that Miss H was regularly receiving benefit payments and she provided PayrNet with information from the DWP to support what she told them about her benefits. I haven't seen anything to confirm Miss H wasn't entitled to the benefit money. And therefore, I'm not satisfied PayrNet has treated Miss H fairly.

I've also considered Miss H's individual circumstances. While I appreciate PayrNet are entitled to block accounts while carrying out a review, it's usually reasonable that a customer

still has access to their benefit money. The money Miss H receives is the only source of income. Miss H made PayrNet aware of her difficulties and that she was struggling financially. But I haven't seen anything to suggest PayrNet reached out to her or acknowledged she maybe in a vulnerable position. Because of this, I think PayrNet should pay Miss H £200 compensation to recognise the trouble and upset caused to her.

I'm aware that PayrNet returned an additional credit Miss H received into her account in December 2021. Having looked at the information PayrNet relied on to do this, I agree this was the right action in the circumstances.

In summary, PayrNet were entitled to review Miss H's account and suspend it while it did so. However, I think they should have allowed Miss H access to her benefit payments. I also think they have caused extra distress because Miss H is still without her funds.

My final decision

My final decision is that I uphold this complaint in part. To put things right PayrNet Limited should:

- Pay Miss H £673.86 (which is her September 2021 benefit payment)
- Pay Miss H £200 compensation for the trouble and upset caused by not allowing Miss H access to her benefit money
- Pay Miss H 8% simple interest on the benefit money she should've had access to from 2 September 2021 until the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 26 April 2022.

Ombudsman