

## **The complaint**

Ms D complains that PayrNet Limited blocked and closed her account. Some of the funds were returned to source. She would like the remaining funds released.

## **What happened**

Ms D had an account with PayrNet. In April 2021 PayrNet restricted the account to conduct a review. Following the review PayrNet asked Ms D to provide it with evidence of the source of the funds in her account. Ms D provided PayrNet with some documents.

PayrNet closed Ms D's account on 19 August 2021 with immediate effect. It returned some of the funds in the account to its original source.

Ms D has said her benefits were paid into this account and because of the restriction on the account she wasn't able to access funds and she didn't have money to pay for food for two weeks. She suffered financial hardship and it affected her mental wellbeing.

Ms D told us there had been £1,400 in her account which she now didn't have access to.

Ms D complained to PayrNet. She wasn't satisfied with their response so Ms D complained to our service. One of the investigators looked into the complaint. He issued two views. In the first view he thought PayrNet should reinstate the account and refund Ms D her entire balance from the time the account was blocked. PayrNet later provided some information to this service. Our investigator issued a second view. He said he thought PayrNet hadn't done anything wrong when it blocked and closed the account. But he wasn't able to establish if PayrNet had caused unnecessary delays or whether all the funds have been returned to source. Therefore, he partially upheld the complaint.

Ms D told us that she had been saving money through PayrNet and she hasn't been able to access this.

PayrNet did not respond to the view, so the matter has come to me to decide.

## **My provisional decision**

In my provisional decision I said:

### *Account review and closure*

*I'll start by setting out some context for the review of Ms D's account. 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 PayrNet were complying with these obligations when they reviewed Ms D's account.*

*It is sometimes necessary to block an account during a review and I see that is what PayrNet did in this case. I'm satisfied they had legitimate reasons for blocking the account, so I don't think they've acted unfairly here.*

*I've gone on to consider if there was any delay in the review of Ms D's account. I can see PayrNet carried out a review and they restricted Ms D's account in April 2021. But looking at it I can see PayrNet could have completed the review sooner than they did. PayrNet should have been able to complete the review by 11 June 2021. So, in my view there has been approximately a two-month delay.*

*PayrNet hasn't been able to show a justifiable reason for the delay which took place so I think they could have completed their review much quicker. I appreciate this caused Ms D stress and upset and it affected her mental health so I think PayrNet should pay her £200 in compensation for the delay.*

*PayrNet subsequently closed the account with immediate effect. It's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that they must keep a customer or require them to compensate a customer who has had their account closed.*

*I've considered whether PayrNet acted fairly in closing Ms D's account. I've looked at the terms and conditions of the account and I'm satisfied they did. The terms and conditions outline that they can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case PayrNet closed Ms D's account without notice. For PayrNet 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 satisfied that they have applied the terms fairly. And it was entitled to close the accounts as it's already done.*

*In summary, having looked at the evidence I agree that PayrNet acted fairly when it reviewed, blocked and closed Ms D's account. But as I've mentioned there were some delays which had a substantial impact on Ms D and for which I am minded to award some compensation.*

#### *Return of funds*

*Ms D told us she had been saving money with PayrNet. I have received information from PayrNet- it confirms that Ms D had £300 from her savings returned to source and she will need to contact the source to retrieve this money.*

*Ms D told us there was £1,400 in her account. She has later said that the amount in her account was around £800. But having looked at the statements I can't see that is the case. I have however looked at her account statement in great detail. I can see that at closure PayrNet returned £24.50 to Ms D's account with a bank I will call bank S. From the statements I can see that £24.50 was returned to Ms D. However, the confirmation I have seen suggests this payment was made to Ms D's account on the 3 February 2022 and not on the 19 August 21 as is shown on the PayrNet statement. I think PayrNet should pay Ms D interest on £24.50 of 8% from 11 June 2021 to 3 February 2022.*

*From looking at all her statement entries and my calculations I can see that there is a balance of £95.04 which seems to be unaccounted for, which from what I can see belongs to Ms D. I have asked PayrNet to review this information and explain but they haven't been able to account for this money. I believe this money is Ms D's and should be returned to her.*

*Together with 8% interest from 11 June 2021, the date the review should have been completed until payment is made.*

So subject to any further representations by Ms D and PayrNet I was minded to uphold the complaint.

### **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.

#### *Responses to my provisional decision*

Ms D hasn't provided me with comments to my provisional decision. PayrNet have also not provided any comments to my provisional decision

Although Ms D and PayrNet have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

### **Putting things right**

PayrNet should pay Ms D £200 for the distress caused during the delay of the review. They should also pay 8% interest on £24.50 from 11 June 2021 to 3 February 2022. They should also pay £95.04 together with 8% interest from 11 June to the date the payment is made.

### **My final decision**

For the reasons stated above I uphold the complaint. I direct PayrNet Limited to pay Ms D the following:

- £200 for the distress caused during the delay of the review.
- 8% interest on £24.50 from 11 June 2021 to 3 February 2022.
- £95.04 together with 8% interest from 11 June to the date the payment is made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 17 February 2023.

Esperanza Fuentes  
**Ombudsman**