

The complaint

Miss P complains PayrNet Limited ("PayrNet") hasn't returned money to its sender when her Pockit account with them was closed.

What happened

A Pockit account is a pre-paid payment card administered by PayrNet.

Miss P had a Pockit account with PayrNet. Miss P received £500, which she says was from a family member. She says this wasn't the first time this family member had sent her money. In September 2021, Miss P's account was restricted. She says that PayrNet flagged her account and asked for documents and information, which she refused to send.

Miss P asked for her account to be closed and she says that in the terms it states that if the information isn't provided, they would return the money to the source. Miss P asked PayrNet to return the money to the sender but believes they are refusing to do so.

PayrNet closed Miss P's account in November 2021. Remaining funds in her account at the time were also removed from her account. Miss P contacted PayrNet to enquire where the funds had been sent to as she didn't believe they were sent back to her family member. Her requests or enquiries were either not actioned or not responded to.

Miss P referred her complaint to our service. She says that she planned to use the money to start a business but as she didn't have access to the money, she couldn't do so. Instead, she says she found a job which resulted in extra costs in travel and loss of time. She also says she had stress and anxiety because the funds still hadn't been returned to the sender.

Our investigator found that PayrNet needed to put things right by arranging for the £500 to be returned to the sender as soon as possible and by also compensating Miss P with £100 for the inconvenience she's had. She says she reached these findings as she believes PayrNet should have acted sooner in closing Miss P's account and in returning funds to the sender. She says PayrNet were not acting in line with their terms.

Miss P believes compensation of around £400 for the inconvenience she received is fairer, due to loss of earnings. She has provided screenshots of messages she has received from friends and family of the purchases they intended to make once her business was up and running.

PayrNet say the terms and conditions are there to protect the business and consumer and couldn't see that they are being adhered to. They say, among other things that they requested information from Miss P, but as she didn't provide them, they couldn't be reasonably expected to close Miss P's account.

As Miss P disagreed with the investigator's findings, the complaint has been passed to me to decide on.

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.

Having done so, I'm upholding this complaint and I'll explain why below.

PayrNet terms state that to close an account, any outstanding balance must be returned to the account holder and PayrNet reserve the right to request proof of the recipient account or address. It goes on to say that PayrNet reserve the right to return funds back to their source in the event the account holder fails to provide satisfactory proof of the account in a timely manner and to which they are satisfied.

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 those obligations. They are also required to carry out ongoing monitoring of new and existing customer relationships. That sometimes means they need to restrict customer accounts – either in full or partially while they carry out a review.

Having looked at the information PayrNet relied on, including how Miss P was operating her account, I'm satisfied they were complying with these obligations when they blocked Miss P's account and asked her for information. The terms and conditions of Miss P's account also permit PayrNet to block an account and I'm satisfied PayrNet acted in line with them. So, I can't say PayrNet did anything wrong when it decided to review Miss P's account.

However, while PayrNet are entitled to carry out a review, and request information, I don't think PayrNet has acted fairly since then. PayrNet initially blocked Miss P's account in early September 2021. PayrNet asked Miss P to provide it with information at the time. The information requested was to confirm Miss P's identity and also contained questions enquiring about the source of the money. Miss P says she refused to provide this information. Miss P then requested for her account to be closed and the money returned to the source – as the terms suggest would happen if the account holder fails to provide satisfactory proof of the account in a timely manner.

In November 2021, the Pockit account was closed. PayrNet has told our service that a few days before the account closure, the remaining funds held within it were transferred to the house ledger. From what I have seen, I don't think they have since been returned to the sender.

I don't think PayrNet have acted fairly here and in line with their own terms. I can't see any evidence to suggest why the money hasn't been returned to the sender and why it has been retained in the house ledger.

PayrNet responded to the investigator's view and provided comments. Among other things, they explained that Miss P's account couldn't be closed as she didn't provide the information requested. But in other correspondence they have confirmed the account has been closed. So I'm unsure of the relevancy of their comments here. They also said that as Miss P hasn't provided proof of the account, they don't need to return the money at this time. But Miss P hasn't requested the money to be sent to her, but rather returned back to the sender. I don't see how Miss P not providing information should prevent the money being returned to the sender, as the terms suggest this should happen. So, in any event, PayrNet hasn't clearly explained why they have held on to the funds.

Miss P contacted PayrNet to enquire about the funds when her account had closed. I can't see she received a response. Miss P also didn't receive a response on multiple other

occasions she had contacted them. I appreciate how frustrating this experience must have been for Miss P. She says, she also had stress and anxiety because the funds hadn't been returned to the sender, which in this case, she says is a family member. So, I think it would be fair for PayrNet to pay Miss P £100 for distress and inconvenience.

Miss P has provided evidence which she believes shows loss of earnings. However, I don't think it is clear enough to evidence loss of earnings. In this instance, a third-party family member sent Miss P money, and has since not received it. I don't think there is a direct link between the family member not receiving the money back and Miss P's loss of earnings. So, I'm not persuaded that Miss P incurred a financial loss because of PayrNet's actions.

Putting things right

Given the circumstances, I direct PayrNet Limited to pay Miss P £100 for the distress and inconvenience caused.

My final decision

For the reasons I've explained, I uphold Miss P's complaint and direct PayrNet Limited to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 12 August 2022.

Ronesh Amin
Ombudsman