

## **The complaint**

Mr D complains that PayrNet Limited blocked access to his payment account. The account was operated by an agent of PayrNet but I'll refer to PayrNet in this decision.

## **What happened**

Mr D had an account with PayrNet. In December 2020 PayrNet contacted Mr D to ask him for information about the source of the money in the account, and to provide copies of identity documents, including photo-ID and a utility bill or bank statements.

But Mr D said that he didn't have photo-ID and – as he lived in shared accommodation – he couldn't provide utility bills. Mr D ultimately provided some information, and PayrNet said the account was under review.

Mr D chased PayrNet for a response later in December 2020 – and again in January 2021 after he opened an account with another business. He chased PayrNet again in March, May and June 2021.

In June 2021, PayrNet again asked Mr D for information about the payments – but this time included a list of acceptable documents where a customer didn't have photo-ID. Mr D provided information about a universal credit payment, a bank statement, and a copy of his birth certificate. Then in July PayrNet removed the balance from the account, which it says it intended to return to the source of the funds. It then emailed Mr D to say it wanted to close his account and asking him to complete a form to do so.

While all this was happening, Mr D complained to PayrNet and then referred the complaint to us. We asked PayrNet for its submissions in connection with the complaint – but PayrNet said it was having difficulties getting this information. Our investigator assessed the case based on what we'd already received – and recommended the complaint be upheld and that PayrNet pay compensation. PayrNet didn't respond. The investigator referred the complaint to an ombudsman. An ombudsman asked PayrNet to provide its submissions or we'd issue a decision based on the information we'd already received. PayrNet then provided its file.

The case was reviewed by another investigator. Mr D had told us that the sender of the funds hadn't received them back. Our investigator concluded that PayrNet hadn't acted fairly in withholding Mr D's funds, and thought the complaint should be upheld. She recommended PayrNet pay this amount to Mr D, and recommended PayrNet pay £300 for distress and inconvenience caused by the delays.

PayrNet didn't respond to the investigator. The complaint was then referred to me to decide.

Since then, Mr D has been in touch. He says that PayrNet's agent has been in touch to say it'll pay these funds to him within the next six weeks. I've therefore reviewed the complaint afresh.

## **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.

Financial businesses like PayrNet are subject to a number of legal and regulatory obligations. These mean that they need to monitor customer's accounts and may need to review accounts at any time. And while the review is ongoing, they may need to restrict access to the customers' account.

Based on what I've seen, I accept that PayrNet may have been acting in line with its legal and regulatory obligations when it initially blocked the account. That said, PayrNet asked Mr D for the information on 7 December, and Mr D replied – explaining that his ID documents were limited – on 8 December. Yet it wasn't until July 2021 that PayrNet finally closed the account and proposed to send the funds back to their source.

We've asked PayrNet to explain these delays, but it hasn't done so. Based on what I've seen, it seems likely that much, if not all, of this delay was avoidable. And although the investigator asked PayrNet for further details about its concerns, it didn't provide this either. I further note that, despite planning to return the funds to source in July 2021, this didn't happen. And PayrNet's agent has now contacted Mr D and agreed to pay him this money directly.

With all this in mind, I can't fairly say that PayrNet acted fairly in withholding Mr D's funds. And given the business has already agreed to release these funds, I'm satisfied that Mr D doesn't need to provide further information.

## **Putting things right**

I'm satisfied that PayrNet didn't act fairly in withholding Mr D's funds and caused him distress and inconvenience. For this reason, I'll be asking PayrNet to pay £300 for the trouble and upset it has caused.

## **My final decision**

My final decision is that I direct PayrNet Limited to:

- arrange for Mr D to be paid the £502.84, if it hasn't already
- add simple interest (the rate is 8% a year) from the date they blocked the account until the date the funds are returned
- pay Mr D £300 for the trouble and upset it caused

If HM Revenue and Customs requires PayrNet Limited to deduct tax from that interest it should provide Mr D with a certificate showing how this is calculated if he requires one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 September 2022.

Rebecca Hardman  
**Ombudsman**