

The complaint

Mr P complains that PayrNet Limited ('Pockit') refused to refund £220 which failed to dispense when he tried to withdraw funds from a cash machine. He also complains that they closed his account.

What happened

Mr P had a pre-paid Pockit branded account – who provide services on behalf of PayrNet – so I will refer to PayrNet as 'Pockit' in this decision.

Mr P told us that in February 2021 he tried to withdraw £220 at a cash machine. He said a receipt came out but the cash did not dispense and the machine took his card. He waited around for around a minute but still the cash and card did not come out of the machine. He was on his own, and saw no one in his vicinity at that time. He returned around six hours later to speak to the shop the cash machine was affixed to – who told him to contact his bank or the owner of the cash machine.

Mr P said he complained about what happened to Pockit but he didn't receive any response from them. He was unable to get a refund or a new card but was not clear why – he said they just kept asking him for verification and identification, which he provided but this failed to progress the matter. This meant Mr P had no card for over a year as this had been his only card. He has had to get his benefits paid into his partner's account until recently when he got a new account.

Pockit did not provide Mr P or our service a particularly substantial response to this complaint. Our investigator did request various information, including information from the cash machine to show what happened at the time of the disputed withdrawal, but PayrNet did not provide this. They said this was because they use third party ATMs they were unable to access the information our investigator had requested, and so they were unable to provide it.

Our investigator looked into what happened and recommended that Pockit refund Mr P the £220 and that they pay Mr P £300 in recognition of the distress and inconvenience he had suffered as a result of Pockit's lack of communication and failure to give him a new card meaning he had to make alternative banking arrangements, on top of declining the refund.

Pockit did not agree or provide any additional evidence from the cash machine after this – so this complaint 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.

Having done so, I have reached the same conclusion as our investigator and for broadly the same reasons – I'll explain why.

In order to fairly and reasonably hold Mr P liable for this transaction, Pockit ought to be able to demonstrate that they were entitled to debit the £220 from his account. This normally involves evidence such as the technical electronic records that may show whether the withdrawal went through and dispensed as requested.

Pockit are able to ask the ATM owner – another financial business – for this information. This is very standard practice in cases where customers report that an ATM did not dispense the cash they requested – as has happened here. However Pockit have not done so, despite our service requesting this evidence for them over some time.

As an independent service, we expect both parties to the dispute to provide us with the evidence they have in support of their arguments. So I would expect Pockit to have requested the evidence from the ATM owner, and provided this to us to show that they were entitled to debit the £220 from Mr P's account. Despite this being requested before and after our investigator presented their opinion on this case, they have failed to do so. Pockit have not evidenced their argument.

Without this, I cannot rule out that the cash machine was subject to an error and did not dispense the cash, or took it back in, or that the machine had been tampered with by fraudsters to trap the cash for themselves. The only real evidence as to what happened in this case is that of Mr P's testimony – and I see no reason to disbelieve what he has told us. So, on the evidence available to me, it is my decision that Pockit cannot fairly and reasonably hold Mr P liable. It follows that I think they must refund the £220 and pay 8% simple interest on this sum to compensate Mr P for the time he has been without his money.

I have also considered the impact this has had on Mr P – he told us that he was never provided a replacement Pockit card and did not have any other account so he had to use his partner's account until he was able to get a new account. It appears there has also been a lack of communication which added to the stress and inconvenience Mr P suffered. Whilst money cannot undo this, I think Pockit must pay Mr P £300 in recognition of the trouble and upset he experienced.

My final decision

I uphold this complaint and require PayrNet Limited to:

- Refund the £220 disputed cash withdrawal;
- Pay simple interest to Mr P on this transaction from the date of the loss until the date the payment is made, at a rate of 8% simple interest
- Pay Mr P £300 in recognition of the distress and inconvenience he suffered as a result of this.

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

Katherine Jones
Ombudsman