

The complaint

Mr B complains PayrNet Limited, trading as Pockit, unfairly blocked his account and failed to return his funds causing him substantive distress and inconvenience.

To keep matters simple, I'll refer to "Pockit" in my decision.

What happened

Pockit placed Mr B's account under review in late May 2021 and placed a restriction on it. It then asked Mr B to provide documents, which included identification, proof of address and source of funds for the money held in his account.

Mr B provided Pockit with his identification and proof of address. He also sent in some information about his entitlement to the funds. Unhappy with Pockit's actions, Mr B complained.

Pockit said it was acting in line with the terms of the account when it decided to review and restrict Mr B's account. It sympathised with Mr B's circumstances but said it had done nothing wrong.

Mr B then referred his complaint to this service.

Following its review, Pockit decided to close Mr B's account and told him it was returning the funds to the account they had come from. The funds were sent to Mr B by his partner, who I will refer to as "Miss S". Mr B told Pockit Miss S had not received these funds.

One of our Investigator's looked into Mr B's complaint. In short, they said Mr B had provided Miss S' statements which showed the funds had not been returned, and that Pockit had not responded to several requests for information in relation to this matter. They concluded Pockit should return the funds with 8% interest from June 2021 till settlement and pay £150 for the trouble and upset its delays had caused.

In early March 2022, Pockit said it had traced the payment and it hadn't been sent to Miss S as it had previously thought due to an internal error. Pockit then sent the money to Miss S' account and Mr B confirmed it had been received.

Pockit agreed to pay Mr B £150 compensation but argued it shouldn't have to pay 8% on the returned funds as they belonged to Miss S. So Mr B had no entitlement to interest on funds which were not his own.

My provisional decision

As Pockit did not agree, Mr B's complaint was passed to me to decide. I sent both parties my provisional decision saying that I was planning to uphold Mr B's complaint in part. For ease of reference, this is what I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done that, I'm planning to uphold Mr B's complaint in part. I'll explain why.

UK financial businesses like Pockit are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Having looked at Pockit's reasons, I'm satisfied it acted fairly when deciding to review – and restrict – Mr B's account. It was also entitled to ask him for the information it did. Pockit's terms say:

"We reserve the right to request information or proof of income at any time regarding the source of the funds used to pay into your Pockit Account. We may also suspend your Pockit Account and use of your Pockit Card, pending the satisfactory resolution of our queries"

The terms and conditions of the account, Pockit and Mr B had to comply with, say that it could close the account by giving them at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

It's unclear from both Mr B's and Pockit's submissions what information was provided to show his entitlement to the funds. Because of that I can't make a finding as to whether Pockit acted fairly and reasonably, and in line with the terms of the account, by closing Mr B's account by giving less than sixty days' notice.

Having said that, the crux of Mr B's complaint is that funds were not returned to Miss S when Pockit said it had – and by being deprived of these funds, he's suffered severe distress and inconvenience.

Pockit has said the funds weren't returned in July 2021 due to an error on its part. It rectified this in March 2022 - nearly nine months after it said it had sent the money originally. Mr B has explained consistently, and in detail, the impact of what it meant to him and his family not having these funds.

In summary, he's told us that he couldn't pay his rent as the money was from Government benefits predominantly earmarked for this purpose. He's also said that the residual amount was part of his other benefits to pay for other living costs – like food. Mr B also has a dependant, and he says this has severely impacted his and his partner's mental health.

I'm satisfied that further benefit payments made to Miss S would have allowed Mr B to meet most of his living costs, but there is no doubt that for a period of time he was severely impacted. Mr B explains he's only recently been able to pay people back he's had to borrow money from because of what Pockit did.

Overall, I'm satisfied Pockit's error has caused Mr B considerable distress, inconvenience, and disruption. So, because of that, I am planning to direct Pockit to award him £500.

In reaching this amount, I've also considered that Pockit failed to engage with Mr B in a meaningful way, and look into the issue, when he was telling them about not receiving the funds through significant chat interaction attempts online.

Lastly, I've also seen documentation from Mr B which I'm satisfied shows he was entitled to the funds and they were Government benefits. I'm also satisfied they were paid to Miss S due to previous issues with Pockit receiving such funds.

So given I'm satisfied of Mr B's entitlement to the funds, and why they were directed to Miss S, I think 8% simple interest should be paid on them"

To put things right, I recommended Pockit should pay Mr B £500 for the distress and inconvenience it caused, and that it should pay 8% simple interest on the amount it was withholding from June 2022 up until settlement.

I gave both Pockit and Mr B a deadline to respond to my provisional decision. That deadline has now passed. Pockit has not responded. Mr B says he accepts what I said. It follows I must now decide this 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.

Having done that, I've decided to uphold this complaint in part for the reasons above.

To put things right, Pockit should pay Mr B £500 for the distress and inconvenience its caused. And, it should pay 8% simple interest on the amount it was withholding from June 2022 up until settlement.

My final decision

For the reasons given above, I uphold this complaint in part. I now direct PayrNet Limited to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 July 2022.

Ketan Nagla
Ombudsman