

Complaint

Mr A is unhappy that PayrNet Limited restricted and eventually closed his account.

Background

Mr A had an account with PayrNet. Mr A knows PayrNet by the trading name Pockit, so I will use that name throughout this decision.

In September 2021, Pockit decided to apply restrictions to his account while it conducted a review. It subsequently opted to close Mr A's account. Immediately prior to the account being restricted, a payment was deposited into the account. Mr A tells us that these were benefits payments. However, Pockit didn't complete its review and allow him access to his funds for three weeks. It closed his account two weeks after that.

Mr A said that not having access to his funds for those three weeks caused him some financial difficulties. He says that he needed to borrow money from friends and family and take a salary advance from his employer just to make ends meet. He complained to Pockit. It said that it was permitted to take the action it did because it's consistent with the terms and conditions of the account. Mr A was unhappy with this response and so he referred a complaint to this service.

It was looked at by an Adjudicator. The Adjudicator said that Pockit was entitled to impose a restriction on the account and to ultimately close it. Both things are provided for in the terms and conditions of the account. However, she was concerned by the delays. Mr A responded to the request for information more or less immediately, but it still took three weeks for Pockit to complete its review and allow him to access his funds. She recommended that it pay Mr A £100 in recognition of the distress and inconvenience that it caused by denying him access to his funds for as long as it did.

Pockit disagreed with the Adjudicator's opinion. It said that three weeks is a reasonable timeframe for a thorough review to be completed and that blocking the account was in line with the terms and conditions that Mr A agreed to when he opened his account. Because Pockit disagreed with the Adjudicator's view, the complaint has been passed to me to consider and come to a final decision.

Findings

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've come to the same overall conclusion as the Adjudicator and for broadly the same reasons.

The question under consideration here is whether Pockit acted fairly by:

- suspending Mr A's account and only allowing him access to his funds once it was satisfied it had fully investigated the source of them; and

- closing his account.

Financial businesses are subject to several legal and regulatory obligations which sometimes necessitates reviews such as the one it carried out on Mr A's account. In certain circumstances, that may require the temporary restricting of access to the account. There's no question the terms and conditions of the account permit it to do so. I've looked at these carefully. Paragraph 7.6 says that the business can request information on the source of any funds paid into an account. It also allows it to suspend the account and use of any card pending the satisfactory resolution of its queries.

I can see that Pockit asked Mr A for evidence regarding the source of the funds on 23 September. From the evidence I've seen, he responded to this promptly and shared information showing that the source was state benefits. The email chain shows that Mr A didn't receive a response to this email until 5 October. The response he received was a Final Response Letter which explained that the terms of his account permitted Pockit to do what it had done. It didn't engage with the substance of his query which was his desire to access his funds. He chased Pockit several times after this. It was only on 15 October that it allowed him to pay his funds into an account with a different business.

As far as I can see, Pockit raised a simple query about the source of Mr A's money to which he responded promptly. I can see no justification for it taking three weeks for Pockit to act on his reply. Pockit has argued that three weeks is a reasonable timeframe for carrying out a thorough review of an account. But there was no reason for the review of this particular customer's account to take three weeks. I agree with the Adjudicator that the delay in resolving things caused Mr A avoidable distress and inconvenience and I'm satisfied that £100 represents fair compensation in all the circumstances.

Finally, Mr A is unhappy that Pockit decided to close his account and wants it to explain why it did so. However, it closed the account in a manner that was consistent with the terms and conditions. Pockit has the commercial freedom to determine whether or not it wants to continue offering an account to a customer and I'm satisfied that it exercised that freedom in a fair and reasonable manner here. While I can understand Mr A's desire to know more about its motivations for doing so, it isn't obliged to share any further information with him regarding its decision.

Final decision

For the reasons I've set out above, I uphold this complaint. If Mr A accepts my decision, PayrNet Limited should pay him £100 without delay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 January 2023.

James Kimmitt
Ombudsman