

## **Complaint**

Mr N is unhappy that PayrNet Limited (trading as “Pockit”) blocked his account and then said it would be closing it in seven days without telling him why.

## **Background**

In October 2021, Pockit found out that another financial institution had recorded a fraud marker against Mr N. As a result of this, Pockit took the decision to block and then close Mr N’s account with only seven days’ notice.

Mr N complained to Pockit. Pockit looked at Mr N’s complaint and didn’t uphold it. As Mr N remained dissatisfied, he referred the matter to our service.

One of our adjudicators looked into Mr N’s concerns. He didn’t think that Pockit had acted fairly and reasonably towards Mr N and upheld the complaint. Pockit didn’t respond to our adjudicator’s assessment so the complaint was passed to an ombudsman as per the next stage of our dispute resolution process.

## **My findings**

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

Having carefully considered matters, I’m upholding Mr N’s complaint. I’ll explain why in a little more detail.

Pockit says that it was entitled to end its business relationship with Mr N in the way that it did. It has referred to its terms and conditions in support of its decision.

I’ve thought about what Pockit has said. I accept that Pockit, or any other financial institution for that matter, is under no obligation to continue offering an account to a customer if it doesn’t wish to do so. So Pockit was perfectly entitled to take the decision that it no longer wanted Mr N as a customer when it discovered the existence of Mr N’s previous fraud marker.

But Pockit’s own terms and conditions, as well as good industry practice, required Pockit to provide appropriate notice before closing an account. This is to allow a customer to make alternative arrangements with a different institution. And, what I’m concerned about here isn’t Pockit’s decision to close Mr N’s account but its failure to provide him with appropriate notice.

Pockit appears to be arguing that its discovery of the fraud marker meant that it was reasonably entitled to the account with immediate effect. However, in this case, the marker Pockit discovered was historic. And I don’t see how the discovery of a historic marker clearly demonstrated that Mr N presented an immediate risk which necessitated his account being closed so quickly. I say this while especially mindful that there’s no suggestion that Pockit

had any concerns about the way that Mr N had been operating his Pockit account in the period that he had it either.

So given the circumstances here, I'm not persuaded that Pockit's discovery of a historic fraud marker being registered against Mr N, meant that he presented an immediate risk which necessitated his account being closed without reasonable notice. I accept that the discovery of the fraud marker might have led Pockit to conclude it no longer wished to have Mr N as a customer. This was a commercial decision it was entitled to make. But I'm satisfied Pockit ought to have provided Mr N with reasonable notice, in line with the terms and conditions of the account and good industry practice, in advance of taking this action.

Mr N has explained that Pockit closing his account in the way that it did caused him distress. He has said he's not been able to open another account and has struggled with his day-to-day banking. I've also seen that Pockit hasn't returned Mr N's funds despite it agreeing he's entitled to them and having been provided with account details to make the transfer.

I appreciate that Mr N may be having difficulty opening another account. But I think that Pockit was entitled to close his account with reasonable notice. So it's likely that Mr N would have encountered similar difficulties once the reasonable notice period expired. However, I do think that some of Mr N's distress and inconvenience would have been avoided if Pockit had treated Mr N fairly and reasonably by providing him with reasonable notice before closing his account and releasing the remaining funds, which it accepts he's entitled to.

As this is the case, I think that, if it hasn't already, Pockit should return Mr N's funds with interest at 8% simple per year from the date it blocked the account to the date it returns them. It should also pay Mr N £300 in compensation for the distress and inconvenience its actions in acting unfairly and unreasonably towards him caused.

### **My final decision**

For the reasons I've explained, I'm upholding Mr N's complaint. If PayrNet Limited hasn't already, it should return Mr N's funds with 8% interest from the date it blocked Mr N's account to the date the funds are returned. It should also pay Mr N £300 in compensation.

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

Jeshen Narayanan  
**Ombudsman**