

The complaint

Mr D is unhappy that PayrNet Limited blocked his account after he deposited £500 in it and won't return the money to him following his subsequent decision to close the account.

What happened

Mr D opened an account with PayrNet in September 2021 and deposited £500 into the account. PayrNet then blocked the account and requested identity verification documents from Mr D in order for the account to be unblocked. Mr D provided the documents that PayrNet requested, but PayrNet didn't accept the documents and requested them again.

Mr D then exercised his right to close the account and requested that the £500 deposited into the account be reimbursed back to him. PayrNet didn't process Mr D's request for the reimbursement. So, Mr D raised a complaint.

PayrNet looked at Mr D's complaint. They explained they had reimbursed the money back to Mr D, and so they didn't uphold Mr D's complaint. Mr D wasn't satisfied with PayrNet's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. During their investigation, it transpired that PayrNet had successfully reimbursed a small amount of the money to Mr D, but £498.50 remained unaccounted for.

Our investigator didn't feel that it was fair that Mr D hadn't received the full reimbursement of his money from PayrNet. So, they recommended that this complaint be upheld in Mr D's favour and that PayrNet should reimburse the remaining £498.50 to Mr D along with 8% simple interest. Our investigator also recommended that PayrNet make a further payment of £150 to Mr D as compensation for the trouble and upset this ongoing matter had caused.

PayrNet didn't meaningfully respond to the reiterated view of this complaint put forwards by our investigator, despite numerous requests from our investigator for them to do so. So, this matter was escalated to an ombudsman for a final decision.

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.

I issued a provisional decision on this complaint on 6 September 2022 as follows:

I'm satisfied that Mr D was entitled to request the closure of his PayrNet account, and a full reimbursement of the money held therein. I'm also similarly satisfied that despite Mr D making that request almost a year ago, PayrNet still haven't reimbursed the majority of Mr D's money to him.

PayrNet have explained that the outstanding £498.50 was reimbursed back to Mr D on 24 January 2022 and have provided the account details that the money was sent to. These account details do correspond with an account owned by Mr D, but Mr D has provided statements of that account which confirm that the £498.50 that PayrNet believe was successfully sent wasn't received into that account. And having reviewed these statements, I'm satisfied that the £498.50 wasn't received by Mr D into that account and that as such that the £498.50 remains outstanding for PayrNet to reimburse to Mr D.

Our investigator explained to PayrNet that Mr D's account statements confirmed that the £498.50 hadn't been received into that account as PayrNet believed, and reiterated their position that PayrNet should arrange the reimbursement of that amount back to Mr D at the earliest opportunity, along with 8% simple interest and a further compensation payment of £150.

Since that time, which was several months ago, PayrNet haven't engaged with this service in any meaningful way, despite numerous requests from our investigator for them to do so. This is poor service by any reasonable standard, and I'm satisfied that Mr D, who still hasn't received his £498.50 back from PayrNet, has incurred ongoing upset and inconvenience as a direct result.

PayrNet may contend that they did reimburse Mr D in January 2022 and have provided confirmation of that to this service. But as explained previously, Mr D has provided evidence which confirms to my satisfaction that he didn't receive that payment. And I feel that the issue of where the £498.50 payment that PayrNet made in January 2022 is now is an issue for PayrNet themselves to resolve. What's important here is that Mr D hasn't been reimbursed by PayrNet as he fairly should have been.

As such, my provisional decision is that I'm upholding this complaint in Mr D's favour and instructing PayrNet to reimburse the outstanding £498.50 to Mr D at the earliest opportunity, along with 8% simple interest calculated on that amount from the date that Mr D first opened the PayrNet account to the date PayrNet make the reimbursement payment as instructed.

Additionally, given the significant amount of time that this matter has remained unresolved, which I feel PayrNet should bear the sole accountability for, I'm also instructing PayrNet to make an increased further payment to Mr D of £500 as compensation for the distress and trouble that this ongoing matter has caused.

Following the issuance of a final decision on this complaint, PayrNet must pay this £500 compensation within 28-days of the date that this service tells them that Mr D accepts that final decision. If PayrNet pays the £500 compensation to Mr D later than 28-days after their being notified that Mr D accepts the final decision, then PayrNet must also pay 8% simple interest on this £500 compensation, calculated from the date of the final decision to the date of payment.

In structuring the compensation payable to Mr D in such a way, I hope to prompt PayrNet into doing what I can only conclude they should have done many months

ago – which is to reimburse Mr D's money back to him, along with interest and compensation, at the earliest possible opportunity.

In response to my provisional decision, PayrNet explained that they had attempted to return the £498.50 to Mr D but that the attempted payment had failed. PayrNet therefore proposed that they return the money to Mr D at the earliest opportunity and provide £150 compensation to Mr D in line with recommendation made by our investigator in April 2022, before this complaint was escalated to me. PayrNet also commented that they didn't feel that the increase in the compensation amount to £500 was reasonable and asked for my comments on why I had provisionally instructed such an increase.

In regard to PayrNet's first point, as explained in my provisional decision, Mr D has provided bank statements which correspond to the sort-code and account number that PayrNet attempted to make the payment too, and these statements confirm the sort-code and account number as being correct and show no receipt of the £498.50. And, as per my provisional decision, it remains my position that it was incumbent on PayrNet to have made further efforts to have returned the money to Mr D, especially given Mr D's ongoing complaint about not having received that money.

As also explained in my provisional decision letter, I feel that PayrNet's sustained failure to return Mr D's money to him over a prolonged period of time, including several months during which PayrNet failing to meaningfully engage with this service while we attempted to resolve this issue, means that I'm satisfied that Mr D has incurred an ongoing amount of unnecessary upset and inconvenience for which I can only reasonably conclude PayrNet should be held accountable for.

As such, I don't feel that the £150 compensation amount previously recommended by our investigator does provide fair compensation to Mr D for the totality of what's happened here, and it remains my position that compensation of £500, with the possibility of additional interest on that amount, is fair compensation here, for the reasons explained above.

All of which means I see no reason not to uphold this complaint on the basis as previously outlined in my provisional decision letter, and I can confirm that I do uphold this complaint on that basis accordingly.

As previously explained, the bank account the Mr D used to pay money into the PayrNet account is now closed. It's my understanding that PayrNet have already been provided alternative account details to make the payments provisionally instructed above, although these account details will also be provided to PayrNet in a separate cover.

Putting things right

PayrNet must reimburse the outstanding £498.50 to Mr D at the earliest opportunity, along with 8% simple interest calculated on that amount from the date that Mr D first opened the PayrNet account to the date PayrNet make the reimbursement payment as instructed.

PayrNet must also make a further payment to Mr D of £500 as compensation for the distress and trouble that this ongoing matter has caused.

PayrNet must pay this £500 compensation within 28-days of the date that this service tells them that Mr D accepts that final decision. If PayrNet pays the £500 compensation to Mr D later than 28-days after their being notified that Mr D accepts the final decision, then PayrNet must also pay 8% simple interest on this £500 compensation, calculated from the date of the final decision to the date of payment.

My final decision

My final decision is that I uphold this complaint against PayrNet Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 October 2022.

Paul Cooper
Ombudsman