

## **The complaint**

Mr A complains PrePay Technologies Limited unfairly held onto his funds and unfairly closed his account. He wants the money returned and compensation for the impact this had on him.

## **What happened**

Mr A held an account with a company for whom PrePay is responsible as principal. In November 2021 they blocked his account while they carried out a review. They then decided to close his account in December 2021 and retain the funds he held. They say they eventually returned the balance in his account to source.

Mr A says he didn't do anything wrong and not being able to access his funds has caused him a great deal of distress and inconvenience. He thinks the issue might relate to funds being paid into his account which resulted from him selling cryptocurrency but PrePay hasn't confirmed what prompted their actions. Mr A says he regularly buys and sells cryptocurrency on a platform, so many of the payments into and out of his account represented those transactions.

In February 2022 PrePay accidentally told Mr A his account had reactivated, but this wasn't correct. He says they also sent him commercial material during this period despite his account being closed and them holding onto funds. He says he is struggling financially, and these events caused him further distress and difficulty.

Our investigator decided to uphold the complaint. They concluded:

- PrePay could block his account to carry out a review. This was in line with their legal and regulatory responsibilities. It was understandable why they took this action and they weren't obliged to provide Mr A with their reasons.
- Mr A says his balance before PrePay blocked his account was around £1555. PrePay however hasn't provided copies of his statements, despite them being requested.
- PrePay hadn't provided a sufficient basis to show it was fair for them to return the funds they held back to source.
- PrePay caused Mr A further distress by accidentally telling him his account had been reactivated when it hadn't been. They also sent promotional material to him for a period despite his account being closed and holding onto his funds.
- PrePay should refund the sum which represented Mr A's balance at the time the account was blocked and add 8% simple interest on that sum from 2 December 2021 until the date of settlement. They should also pay him £500 for the upset and inconvenience he was caused.

PrePay asked for a final decision from an ombudsman, so the complaint has been given 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.

I have decided to uphold Mr A's complaint. I'll explain why.

I understand the reason for PrePay reviewing and restricting Mr A's account. It's clear to me that they were acting in line with their legal and regulatory responsibilities. And, while I understand Mr A would want to know what prompted PrePay's actions, they were under no obligation to reveal them – and their reason for not revealing them is legitimate.

Based on the information I have; I can't fairly conclude PrePay took sufficient steps to reasonably conclude Mr A wasn't entitled to the funds in his account. I don't find the reason PrePay provided was by itself sufficient in the individual circumstances of Mr A's complaint - it doesn't demonstrate their decision was reasonable.

PrePay could terminate its relationship with Mr A, but they needed to apply the correct account terms and conditions. PrePay closed Mr A's account with immediate effect, and only certain circumstances allow them to do this. I have considered the basis for PrePay relying on the term in question, but I don't find they had sufficient information to reasonably conclude those circumstances applied. So, I find Mr A ought to have been given the normal notice period for his account to close.

PrePay acknowledge they made a mistake when they sent a notification to Mr A that his account had reactivated. Given what Mr A has said about his financial circumstances and the distress not having hold of the funds had on him, I find this caused him further distress when finding out the situation remained the same. It was also insensitive to send commercial material to him given his account had closed and they were holding his funds.

### **Putting things right**

PrePay need to refund Mr A an amount which is the same as the balance they held for him at the time they blocked his account. They also need to pay 8% simple interest per annum on this sum from 2 December 2021 to the date of settlement. I find this date represents a reasonable endpoint by which PrePay ought to have completed their review and released the funds to Mr A.

PrePay has failed to provide statements for Mr A's account despite them being requested, so it's not possible for me to know for certain what Mr A's balance was when his account was blocked. But based on what Mr A recollects his balance to be, I don't find the sum PrePay held was insubstantial. So, not being able to use those funds to help his situation would have had some impact on how he felt.

Mr A has explained he experienced a lot of distress by not being able to access his funds. In particular he revealed how his mental health was impacted. I was sorry to hear what Mr A said. And, I have seen no reason to question that he has been through a difficult time which was worsened by not having use of his funds for a considerable period.

With this in mind I find PrePay should also pay Mr A £500 compensation for the distress he was caused by PrePay not giving him his funds over a prolonged period, for his account being closed immediately, for being incorrectly told his account was reactivated, and for being sent material when his account was closed and his funds were held. Cumulatively I find this likely caused him considerable distress and £500 represents a proportionate sum to make up for it.

### **My final decision**

I've decided to uphold Mr A's complaint. I direct PrePay Technologies Limited to pay compensation to Mr A according to my direction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 10 November 2022.

Liam King  
**Ombudsman**