

The complaint

Mr M complains that PayrNet Limited won't return the funds held in his Pockit account.

The Pockit account is a pre-paid payment card which at the time of Mr M's complaint was administered by PayrNet Limited.

What happened

Mr M had a Pockit account which he used to receive wages from his employer at the time. The account was opened by his employer. In May 2021 the account was blocked while a review was carried out. As part of this they asked Mr M to provide identification, as well as proof of his address and source of funds. Mr M provided some information to Pockit, but the account remained blocked.

In January 2022 Pockit closed Mr M's account. They returned the remaining balance in the account - £66.96 – to his now former employer. Mr M complained about this but did not receive a response. He referred the complaint to our service.

Our investigator thought the complaint should succeed in part. They said Pockit were within their rights to review the account and block any transactions while they did. They were satisfied that Pockit had acted in line with their terms and conditions when closing the account. But they felt Mr M had shown his entitlement to the funds in the account, and so they should have been returned to him by 31 August 2021. They asked for the funds to be returned to Mr M, along with 8% interest from that date until the date of settlement, along with £50 compensation to reflect the inconvenience caused.

Mr M agreed with this outcome. Pockit agreed with the interest and compensation but said that Mr M could get the funds back from his former employer. They said Mr M could potentially benefit from these funds twice if the employer had already given the funds to him.

The investigator received further information from Mr M which satisfied them that Mr M hadn't received the funds from his employer. But Pockit still didn't agree – so the complaint has been passed 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.

Firstly, it doesn't appear to be disputed that Pockit have legal and regulatory obligations to meet when providing accounts to consumers. This means they can ask for further information about where the money in an account came from, or to get more information about the people they're supplying accounts to. And it's not unreasonable to restrict accounts while they do so.

Having reviewed the information supplied by Pockit I'm satisfied that it wasn't unreasonable for them to review and restrict Mr M's account. I don't consider the information they asked for to be unreasonable.

Likewise, firms can decide they no longer wish to provide services to consumers and close their accounts, so long as they do so in line with their terms. I've reviewed the terms of Mr M's Pockit account, and it says they will give 60 days' notice before closing an account. In this case though the account was restricted without notice, and Mr M couldn't make transactions until the account closed in January 2022 – so in practice I see it as closed without notice.

The terms outline when an account can close without notice – and I'm not persuaded that these criteria have been met in this instance. It may well have been fairer to give Mr M the full 60 days' notice before withdrawing services. But I'm not sure this will have affected very much, as Mr M managed to make alternative arrangements while the block was in place. So, there is no real impact on Mr M from this.

However, I do think the decision to close the account took too long. It wasn't until January 2022 that this was communicated to him. Looking at the information from Pockit I would suggest that they had enough information to reach this conclusion by the end of August 2021. I can't see there were any reasonable reasons to delay beyond this.

But the crux of the dispute now is over Pockit's decision to return the funds to Mr M's former employer. The terms say under section 21 *"Ending the Agreement"* – *"21.3 – we reserve the right to return the funds held in your account either back to the senders of the payments or to the Account Holder subject to satisfying conditions in Section 20.3"*. Section 20.3 refers to having proof of address and ownership of a UK bank account, so Mr M satisfied these conditions.

This tells me Pockit aren't obliged to return the funds to the sending bank, it is a choice they can make. And even when closing an account Pockit has a responsibility to treat their consumers fairly. And I'm not persuaded it is fairest to Mr M for Pockit to have returned the funds to the sending party. There doesn't seem to have been any dispute over the ownership of these funds – they hadn't been claimed as fraudulent or recalled by the sender. The only person with any claim to these funds was Mr M. So, I'm satisfied it was unfair for Pockit to return these funds to his former employer.

Pockit have raised concerns that Mr M may have been able to recover these funds from his former employer. And if they were to refund him, he would have double benefit of them. I've reviewed Mr M's communication with his former employer, and nothing I've seen suggests he's had any success in getting the money back from them. I accept this is a risk, but I've found Mr M to be sincere in his attempts to recover the funds. And I have to bear in mind that this situation was created by Pockit returning the funds unfairly.

Overall, I'm satisfied that Pockit should have closed Mr M's account by the end of August 2021 and returned the funds directly to him. So, to resolve the complaint I would say Pockit should return these funds to him, along with 8% simple interest from 31 August 2021 to the date of settlement. I can also see that it will have been frustrating to not know what would happen to the funds while the account was blocked, and inconvenient to have to chase up a former employer for funds that shouldn't have been returned. So, I'm satisfied Mr M is due some compensation, and I consider £50 to be an appropriate amount

My final decision

My final decision is that PayrNet Limited must:

- Refund the £66.96 directly to Mr M
- Add 8% simple interest per annum on this amount from 31 August 2021 to the date of settlement
- Pay him £50 compensation for the trouble and upset this matter has caused

HM Revenue & Customs require PayrNet Ltd to withhold income tax from the above mentioned interest. PayrNet should give Mr M a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 May 2023.

Thom Bennett
Ombudsman