

The complaint

Mr K complains PayrNet Limited, trading as “Pockit”, blocked and later closed his account. He also complains Pockit hasn’t returned the funds it was holding.

To keep things simple, I’ll refer mainly to “Pockit” in my decision.

What happened

In late April 2021, following a warning to Mr K not to use his account for gambling purposes, Pockit placed his account under review and blocked access to it. Pockit then asked Mr K to provide information relating to proof of his identity, address, and source of funds.

Mr K gave Pockit some information, but Pockit wanted more. This exchange went on for several weeks afterwards.

In August 2021, Pockit sent Mr K a message that it had decided to close his account because it had not received the required information from him. Then in October 2022, Pockit informed Mr K that as his account is being closed, as per its terms of account, the remaining funds will be returned to the original source from where they came.

Unhappy with Pockit’s actions, Mr K brought his complaint to this service.

Pockit said £1,429 that it was holding would be returned to an individual Mr K was related to – I’ll refer to this individual as “Mr G” from now on.

Mr K said he was happy his funds were now being released, but the account details it had for Mr G were incorrect. He said Mr G had a new account in any case and provided those details to one of our Investigator’s.

Our Investigator queried Pockit about Mr G’s account which it said it had sent the money to in October 2022. In response, Pockit said it had erroneously said funds were sent to Mr G, but it was in fact returned to a gambling company Mr K had received funds from some time before the review.

Pockit apologised for this error and offered Mr K £25 compensation. Mr K refused, saying he wants his funds returned.

Our Investigator then sent their outcome on Mr K’s complaint. In summary they found:

- Pockit’s review of Mr K’s account was fair, and in line with its legal and regulatory obligations
- Pockit blocked the account in April 2021 but didn’t return the funds until October 2022. But Pockit could’ve returned the funds as early as June 2021. This was unfair and an error on Pockit’s part
- It was poor service on Pockit’s part to initially say the funds were returned to Mr G when it later said they were returned to a gambling company. Pockit should pay Mr K

£200 compensation for this

- Pockit hasn't made an error in returning the money to source. Mr K should contact the gambling company about retrieving his funds

Pockit agreed with our Investigator's recommendations. But in response Mr K said he had contacted the gambling company and it had not received the funds from Pockit. As Mr K remained unhappy the complaint was passed to me – an Ombudsman – to decide.

After reviewing all the evidence and arguments, I wrote to Pockit setting out my initial thoughts on Mr K's complaint. In summary, the key points I made were:

- I agreed that Pockit had concern enough to review Mr K's account
- Pockit hasn't given enough information to show why it wasn't satisfied with the evidence Mr K gave it to show his entitlement to the funds, proof of address and identity
- I needed more information to show Pockit had concern enough to close Mr K's account in the way it did, and to return the funds to the original source accounts
- Mr K had sent us information which shows funds haven't been returned to the gambling company. So Pockit should provide evidence that shows this payment to the gambling company was made
- If Pockit can't send me enough information to show it had concern enough to have taken the actions it did, and that funds have been returned to the gambling company, then it's likely I will decide it didn't have enough evidence to return the funds to the gambling company. And that Pockit should have given more notice of its intention to close the account.

So it's likely I'll be directing Pockit to pay Mr K all his funds, plus 8% statutory interest from when it decided to return the funds up until settlement

- This in turn means Mr K has suffered more inconvenience and distress because of what Pockit did wrong. I was minded on awarding £400 compensation for this

In its response, Pockit said the return to source transfer was successful with no 'bounce backs'. Pockit sent me a screenshot it says show this.

As Pockit have responded, I will now decide this complaint.

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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

Financial businesses in the UK, like Pockit, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means it needs to restrict, or in some cases go as far as closing, customers' accounts.

Pockit say its internal systems warned Mr K about using his account for gambling purposes on two occasions after which a review was initiated – and the account was subsequently

blocked. Having considered Pockit's reasons for this, I'm persuaded it acted fairly and in line with its obligations when reviewing the account.

Pockit is also entitled to close an account just as a customer may close an account with it. But before it closes an account, it must do so in a way, which complies with the terms and conditions of the account.

As I've said above, I needed to see more evidence which showed Pockit had concern enough to have acted in the way it did. By that I mean closing the account, and demonstrating through its due diligence the information, and attempts to get information from Mr K was enough.

In short, I'm persuaded Pockit hasn't shown me why the information Mr K gave it wasn't enough for it to close the account and return the funds to source. It worth noting that neither Pockit nor I are under any obligation, that I'm aware of, to set-out the exact reasons here.

So it follows that I don't think Pockit had reason enough to have closed the account and return the funds held in the account to source. That means Pockit should have returned the money to Mr K after closing the account. Mr K wanted the account closed himself, given what I've seen on Pockit's chat system – so I don't need to consider the loss of the account service.

Return to source

Pockit maintained for many months the funds had been returned to Mr G. Mr K highlighted the account details Pockit say it sent the money to, was not Mr G's. Later, Pockit admitted it had made a mistake and the funds had been returned to the gambling company Mr K had received funds from.

I've already said that I don't think Pockit have shown the funds should have been returned to this company. In its response to my email, as summarised above, Pockit sent me a screenshot which it says shows the payment was made in October 2022 - and that it didn't bounce back.

Having looked at this, I note it's for the erroneous bank account details Mr K pointed out did not belong to Mr G. The screenshot does show the beneficiary to be Mr G.

It's not clear if Pockit are saying it had the wrong beneficiaries name down, but the account sort code and number were that of the gambling company. Or, whether it's now reverted back to saying the money was sent to Mr G.

Having given this some thought, I'm persuaded its most likely Pockit's saying the sort code and account number were for the gambling company – despite the erroneous beneficiary's name. In any case, this isn't likely a valid account for Mr G.

Mr K has given me several emails from his interactions with the gambling company. Having reviewed these, I'm satisfied they are legitimate. Importantly, they say the funds Mr K is trying to trace haven't been received by them. The email from the gambling company where this is said is dated January 2023 – I have sent a copy of this to Pockit. So, I'm satisfied this evidence shows the funds haven't been received by the gambling company – and Mr K has made more than reasonable enquires.

So, as I'm persuaded the funds shouldn't have been sent back to source, and the gambling company hasn't received them, Pockit should now directly pay Mr K the £1,429.

From the information Pockit has sent me, I'm satisfied the earliest it should've have sent the money back to Mr K was June 2021. That's when it appears it had decided to bring to close its investigation and due diligence process. So, given Mr K has been deprived of his money for much longer than he should've, I'll be directing Pockit to pay 8% simple interest on the £1,429 from June 2021 up until settlement is made.

Delays, and Distress and Inconvenience

Pockit say it returned the funds in October 2022, that's 14 months after it told Mr K it was closing his account. This is an excessive and concerning delay.

Moreover, I've also seen that Pockit took an excessive time in investigating its concerns early on with there being several months delay. Pockit also erroneously told Mr K the funds were returned to Mr G.

Mr G has been engaged with his complaint from the time he brought it to this service, regularly chasing this service and previously Pockit for updates. He's also made extensive enquires to locate the funds with both Mr G and the gambling company.

Mr G has explained this matter has caused him substantive stress. In mitigation Mr K has said he was able to access his benefit money, nor did he have to borrow money from others.

So after weighing everything up and giving due consideration to the errors and extensive delays caused by Pockit, I think it should pay Mr K £400 for the distress and inconvenience it has caused.

Putting things right

To put things right, PayrNet Limited, trading as Pockit should:

- Return £1,429 to Mr K and pay 8% simple interest on this amount from June 2021 up until settlement
- Pay Mr K £400 in compensation for the distress and inconvenience caused

My final decision

For the reasons above, I uphold this complaint in part. PayrNet Limited should now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 May 2023.

Ketan Nagla
Ombudsman