

The complaint

Mr H complains that PayrNet Limited blocked his Pockit account and returned the money to the original source rather than to him.

What happened

In July 2021, PayrNet blocked Mr H's account and held the money in it.

PayrNet asked Mr H for some documentation relating to Mr H's identity, and the source of funds. PayrNet, say they received the identification from Mr H but not the evidence of source of funds. Mr H told our service that he used his account to receive payments for work – mainly removals and selling furniture. He said he didn't have any paperwork to show his entitlement to the funds paid into his account, but he'd done nothing wrong, and the money belonged to him. So, he wanted the money, which amounted to just under £5,000 returned to him directly.

Mr H sent PayrNet several emails over the following months trying to find out how he could access the balance of his account. He explained to them that he had received the payments into his account from providing third parties with removal services and sales of items including furniture, and that he doesn't take pictures and that people just visit his work unit to view and buy items. Because of this in August 2021 PayrNet decided to return to money in Mr H's account back to source. However, PayrNet didn't do this.

Mr H received an email from PayrNet in October 2021, informing him that it was closing his account and asking him for bank details to return the remaining balance to him. Mr H sent PayrNet When Mr H didn't receive the money, he continuously chased PayrNet and confirmed not having access to the money was causing him distress. PayrNet then sent Mr H a further email letting him know that it was still completing its review of Mr H's account, and it wasn't able to provide him with further information. This contradicted the earlier email which said PayrNet were closing Mr H's account and returning the funds in it back to him once he'd provided details of a bank account to make payment.

Following this email, Mr H continued to chase PayrNet for an update on when his funds would be released during October, November and December 2021. PayrNet didn't respond.

In March 2022, PayrNet decided that due to Mr H not being able to provide proof of his entitlement to the money in his account it was going to return all the payments back to source. PayrNet say they returned the money left in the account to the original sources in May 2022 and closed Mr H's account. But it didn't let Mr H know it had done this.

Mr H brought his complaint to our service where one of our investigator's looked into things. He asked PayrNet what it had done with Mr H's balance and asked it to provide evidence of when and to where the money had been returned. In response, PayrNet provided the investigator with details of where each payment made into Mr H's account had been returned. The investigator then shared this information with Mr H so that he could trace his funds.

The investigator said that PayrNet didn't do anything wrong when it reviewed Mr H's account and sent the funds back to source. However, he said PayrNet should have provided Mr H with better service – namely it should have told him that it wasn't releasing his balance back to him and what it had done with the money in his account. He therefore asked them to pay Mr H £100 compensation for the distress and inconvenience this had caused.

PayrNet agreed with the investigator's recommendation. Mr H didn't. He said PayrNet hadn't told him what it was doing with his money, and it had taken months to find out that it had now returned the funds back to source. He says if he had he been told at the time he would've had a better chance of tracing his funds – now months later he has to rely on the contact information for his customers being accurate and their goodwill to give him back his money. He says it is unreasonable that he now has to search for his payers and seek the return of his money.

As an agreement couldn't be reached, the complaint has been passed to me to review.

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've considered the fact that PayrNet are strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. They are also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customer's accounts – either in full or partially while they carry out the review.

Having looked at the information PayrNet relied upon to conduct its review, I'm satisfied that they were complying with their legal and regulatory obligations when they blocked Mr H's account and asked him for information and himself and how he was using his account. The terms and conditions of Mr H's account also permit PayrNet to block an account and I'm satisfied PayrNet acted in line with them. So, I can't say PayrNet did anything wrong when it *decided* to review Mr H's account.

While PayrNet are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. PayrNet initially blocked Mr H's account in July 2021. Mr H provided them with information regarding his address and identification. And he told PayrNet he'd provided all he could regarding the funds in his account – all of which he did within a day of his account being blocked. But it wasn't until May 2022 that PayrNet returned the money in Mr H's account back to source – which is 10 months after it had first blocked Mr H's account. And it didn't let Mr H know it had taken the decision to do this. PayrNet haven't offered any explanation about what (if anything) it was doing during this time.

I note too that PayrNet didn't update Mr H. So, this meant he was left in the dark, chasing PayrNet via email trying to find out what was happening with his account for months. I also think PayrNet confused matters by asking Mr H for relevant bank details to return the money informing Mr H he would receive the money in October 2021. While I recognise that PayrNet is entitled to carry out a review, I don't consider the account being blocked for 10 months with little contact acceptable.

PayrNet has said they no longer hold the funds and have acted in accordance with the regulations by returning the funds to source. I've had to consider whether it was fair to return the money to source. I've looked at the evidence both Mr H and PayrNet has provided. Based on this, and the full circumstances of the complaint, I'm not satisfied PayrNet's actions were unfair. Ultimately, PayrNet would have to be satisfied that Mr H wasn't entitled

to the money himself to justify returning it back to the original senders. Having considered the lack of evidence from Mr H that he's entitled to the money in his account, I agree that this was the right action in the circumstances. This ensures the funds are sent back to the correct person. So, I can't say PayrNet has treated Mr H unfairly in doing so.

The problem is, PayrNet have taken 10 months to do this. And have only recently ,after being prompted by the investigator, provided Mr H with any meaningful information he could use to trace the money which was paid into his account. This means Mr H is now having trouble locating the money he says belongs to him. So, I'm satisfied Mr H was caused trouble and upset by PayrNet's delays and lack of communication. I agree with the investigator that £100 compensation is appropriate in the circumstances to recognise the distress this situation has continued to cause Mr H.

My final decision

My final decision is that I partly uphold Mr H's complaint. PayrNet Limited should do the following to put things right:

- Pay Mr H £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 April 2023.

Sharon Kerrison
Ombudsman