

The complaint

Mr M complains PayrNet Limited, trading as 'Pockit', blocked and closed his account. And it hasn't returned the withheld funds to him.

Mr M adds the funds derived from government benefits, and not having access to them has caused him substantive distress and inconvenience.

What happened

To keep things simple, I'll refer to 'Pockit' in my decision.

In August 2021, Pockit blocked Mr M's account while it carried out a review. Mr M contacted Pockit on several occasions to ask it to release the money saying it derived from his benefits – and without it he was unable to meet his rent, financial commitments and buy food for himself and his child.

Mr M also told Pockit he suffered with acute mental health issues, and this matter had exacerbated it.

Pockit asked Mr M to provide documents to prove his identity, where he was living and the source of funds in the account. Mr M says he provided this, but his money wasn't released to him.

Pockit closed Mr M's account in September 2021 and said it had returned Mr M's funds back to source. That is, they were returned to the relevant government department responsible for paying Mr M his benefit payments.

Mr M says the money wasn't returned to source. Unhappy with Pockit's actions, Mr M referred his complaint to this service. One of our Investigator's looked into Mr M's complaint. In summary they said:

- Pockit complied with its obligations by blocking and closing the account
- But Mr M's funds should have been returned to him. So, Pockit should return the funds of £733.36 and pay 8% interest from the date they were blocked until they're returned
- Pockit's request for information was reasonable, but it should have been more specific as to the information it required
- Pockit should compensate Mr M by paying him £150

Pockit did not agree with what our Investigator said. It said it had confirmed the funds were returned to source. And that its offer of £150 compensation stills stands, but it won't return the funds to Mr M as he will benefit from the funds twice.

Pockit added that if the funds were legitimately from government benefits, Mr M should be able to obtain them. Our Investigator responded that they had not seen evidence enough to

show the funds had been returned to source.

They said if Pockit could provide enough evidence, they could amend their suggestion of what it needs to do to put things right. Pockit then said its treasury team confirmed the funds were returned in October 2022.

The complaint was then passed to me to decide. I then sent both parties my provisional decision.

My provisional decision

This is what I told Mr M and Pockit that I was planning to decide, and why:

“Financial business’ 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 they need to restrict, or in some cases go as far as closing, customers’ accounts.

Having looked at Pockit’s reasons for blocking and subsequently reviewing Mr M’s account, I’m satisfied it acted in line with the obligations it must follow.

Pockit is 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.

The terms and conditions of the account, which Pockit and Mr M had to comply with, say that it could close the account by giving them at least 60 days’ notice. And in certain circumstances it can close an account immediately or with less notice.

I’m not persuaded that Pockit have shown me enough information, or that it carried out enough of an investigation based on the concerns it had. The reasons it’s given would be enough, but this needs to be backed up with stronger evidence. That would mean Pockit shouldn’t have closed the account with immediate effect. But given Mr M was able to get another account relatively quickly, and he had no other funds than those from his benefits in the account, I don’t think Pockit closing the account in this way caused detriment. So this isn’t something that I’ll be awarding any compensation for.

Having said that, I do think Pockit should either have returned Mr M his benefit money as soon as this was brought to its attention – or given him access whilst it carried out its review, or when closing the account. Mr M says he provided Pockit with information which showed the funds were from his benefits. Unfortunately I haven’t seen what was given to Pockit in relation to this point. But Pockit confirm the funds were returned to the requisite department that pay such benefits. So, I’m satisfied the funds were Mr M’s benefits.

Given such benefits are paid by the government as income to support individuals, Mr M should have been given access to them without undue delay. Pockit say these funds have been returned, Mr M says they haven’t. Our Investigator asked Mr M more recently if he had now received the benefits that were returned. Mr M hasn’t responded, and a reasonable time has passed.

Given this ambiguity, I’m currently minded on placing greater weight on Pockit’s response that its treasury team returned the funds in October 2022. I will of course reconsider this point if Mr M can show through conclusive evidence, he hasn’t had these funds returned to him by the benefits agency.

Having said that, Pockit say it returned the funds in October 2022, and not in September 2021 when it originally said it had. As Mr M has been deprived of these funds for much longer than he should have, I'll be directing Pockit to pay 8% simple interest on £733.36 from when the account was blocked up until the funds were returned on 13 October 2022.

I've closely reviewed a large amount of Mr M's messages to Pockit. In them he describes in detail the significant impact of not having access to these funds were having on him, his mental health and family. Pockit at times responded with irrelevant responses about limits on Mr M's account.

So, given Pockit should have returned the benefit funds to Mr M when it first blocked the account, I'm persuaded its actions have caused considerable distress, inconvenience and worry to Mr M. Having carefully considered the mental health impact as well any inconvenience caused by having to repeatedly chase the matter with Pockit, I'm minded to decide Pockit should pay Mr M £500 in compensation.

So to summarise what I think Pockit should do to put things right:

- *Pay 8% simple interest from when it blocked Mr M's account until 13 October 2022 when it says the funds were returned; unless*
- *Mr M can show he hasn't received the funds from the benefits agency. In which case, Pockit will need to return the funds of £733.36 and pay 8% simple interest on them from the account block until settlement*
- *Pay Mr M £500 for the considerable distress and inconvenience it has caused"*

The deadline for responses has now passed. Mr M has not responded, whilst Pockit have.

Pockit says it accepts the compensation of £150 and paying 8% statutory interest – but it will not return the funds again. Pockit also said it would get its payment provider to give me a receipt to show the £733.36 had been returned.

A reasonable period has now passed, and I have had no further response to consider. So, it follows I'll 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. The reasons for doing so are above. But I'll summarise the key points here.

- Pockit acted in line with obligations it must follow when blocking and reviewing Mr M's account
- Pockit have not shown me enough evidence to show closing Mr M's account immediately was in line with its terms or that it was fair and reasonable. But as Mr M was able to get another account elsewhere quickly, Pockit's decision has caused him little or no detriment. So I won't be awarding any compensation for this point
- I'm satisfied the funds were from Mr M's benefits, and that Pockit should have returned them to him without undue delay. But as I still haven't seen evidence from

Mr M to show they had not been returned to him from the relevant benefits department, I won't be asking Pockit to refund him the £733.36

- But Pockit should pay 8% simple interest on £733.36 from when the account was blocked up until the funds were returned on 13 October 2022
- Pockit should also pay Mr M £500 for the compensation for the significant impact its actions had on his mental health and family

My final decision

For the reasons above, I uphold this complaint in part. PayrNet Limited must now put things right by paying Mr M £500 compensation and 8% statutory interest as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 April 2023.

Ketan Nagla

Ombudsman