

The complaint

Miss T complains PayrNet Limited, trading as Pockit, blocked and then closed her account and that it's not returned the money held in it to her. Miss T says Pockit's actions caused her substantive distress and inconvenience.

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

What happened

In March 2022, Pockit placed Miss T's account under review and restricted her access to it. As part of it review, Miss T says Pockit asked her to provide proof of identity and source of funds. Miss T says she gave Pockit everything it requested from her.

In April 2022, Pockit decided to close Miss T's account and says it returned any remaining funds held in the account to source.

Miss T says the funds in her account came from her government benefits and because of not having access to them she has fallen behind with her rent - and therefore fallen into financial difficulty.

Pockit did not respond to Miss T's complaint. After the time limit for it to issue a final response passed, the complaint was passed to one of our Investigator's to look into. In summary, they found:

- As Pockit hasn't provided responses to request for information, they have had to reaching their findings on the limited information available
- Pockit was entitled to block Miss T's account whilst it completed a review, but it would be expected to provide access to any wages or benefits in the account
- Based on the limited information available, they couldn't conclude Pockit acted fairly by not releasing the funds back to Miss T. Miss T has provided enough information to show the funds held in her account were from benefits she was entitled to. So Pockit should return these funds to her
- Pockit should pay Miss T 8% simple interest on the withheld funds from 23 March 2022 until they are returned
- Pockit hasn't shown its decision to close the account immediately was justified. So it should have provided 60 days' notice. Given the impact Pockit's errors had, it should pay Miss T £300 compensation

Miss T agreed with what our Investigator said. But Pockit did not respond. Because of this, Miss T's complaint has now 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.

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 Pockit may need to restrict, or in some cases go as far as closing, customers' accounts.

Having looked at the information, albeit it limited, that Pockit has given me to show why it reviewed and restricted Miss T's account, I'm satisfied it acted in line with its obligations. I must add that neither I, nor Pockit, are under any obligation, that I'm aware of, to give the exact reasons.

I would also add that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Pockit has provided is information that we considered should be kept confidential.

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

The terms and conditions of the account, which Pockit and Miss T had to comply with, say it could close the account by giving at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

Despite several requests for information, Pockit has not provided this service with enough information for me to fairly and reasonably conclude it acted in line with the terms of the account when deciding to close it in the way it did. So based on the information I have, and given Miss T has shown she was receiving state benefits, I'm persuaded Pockit should not have closed the account immediately.

Pockit say it asked Miss T to provide it with 'documentation' – and that she provided this in return. Miss T says she gave Pockit all the proof it asked for. Pockit have not shown us what Miss T sent to it.

As I've said, Miss T has shown us she was receiving state benefits. Miss T says the funds held in her account were from these benefits. Broadly speaking, when carrying out its review Pockit should have given Miss T access to any wages or benefits she can show she was entitled to.

I haven't been given copies of the statements for Miss T's account. But I have been given a screenshot which shows £469.96 which was held in the account was returned to source on 20 April 2022. Pockit hasn't said where these funds were returned to – nor given any evidence that they were sent.

Miss T says she hasn't had the funds returned to her by anyone else they may have been sent to. Given Miss T should have had access to her benefits, and as Pockit hasn't shown why it decided to send the money 'to source', I'm persuaded it has acted improperly here. In other words, it should have given the money back to Miss T following its decision to close the account. So, because of this, I think it should give Miss T her funds back.

Miss T told Pockit repeatedly that not having access to these funds was causing her acute

financial difficulty – in so far as she was struggling to meet her rent payment. Miss T has provided some paperwork which shows she was facing court action in December 2022 for her rent account being in arrears of around £630.

This is more than Miss T held in her Pockit account – but I'm satisfied having those funds available would have alleviated most of these arrears accruing, especially as they likely derived from her state benefits.

Miss T has also said Pockit's actions adversely affected her credit score. I've seen a copy of Miss T's credit report which shows she missed payments for a mobile phone agreement. The contractual monthly payments here were for around £12 a month. Given the nominal amount, I do question how not having access to her funds impacted upon this - especially as those funds, according to Miss T, were earmarked for her rent.

I haven't seen anything else which caused Miss T's credit score to be impacted. In any case, I think if there was any other adverse credit, as the funds were earmarked for rent, it's difficult to conclude Pockit's actions would have led to this.

Given the impact Pockit's actions have had on Miss T being able to meet her rent, and the distress and inconvenience this would have caused, I'm satisfied £300 is fair compensation.

Putting things right

To put things right, Pockit should:

- Return to Miss T the funds it was withholding in March 2022
- Pay 8% simple interest on these funds from 23 March 2022 until settlement*
- Pay Miss T £300 compensation for distress and inconvenience

* If Pockit considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss T how much it's taken off. It should also give Miss T a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 19 May 2023.

Ketan Nagla
Ombudsman