

## The complaint

Ms S complains that PayRNet Limited restricted access to her account and returned her funds to source.

## What happened

Ms S had an account with one of PayRNet's agents. To keep things simple, I'll refer to PayRNet in this decision

In November 2021 PayRNet restricted Ms S's account. On 11 November 2021 Ms S received a payment of £685.31 from her benefits.

Ms S contacted PayRNet to ask why she couldn't access her money. PayRNet explained they were having service issues. But Ms S wasn't satisfied with their response and raised a complaint.

On looking into Ms S's complaint, PayRNet thought they acted fairly in withholding Ms S's funds, but said they could have responded to her complaint more quickly – and offered £50 compensation.

On 13 December 2021 PayRNet informed Ms S that they were in the process of returning her funds to source. However, they informed Ms S that due to internal processing delays they were having trouble returning these funds.

Ms S didn't accept the offer from PayRNet. She remained unhappy that the electronic money provider hadn't returned her funds, and brought her complaint to our service.

One of our investigators picked up the complaint. PayRNet advised our service that they successfully returned some of the funds to source on 14 February 2023. £161.16 to one of Ms S's accounts, and £528.47 to the department of work and pensions (DWP).

Ms S said she wasn't able to find the £161.16. Ms S explained that she received the payment for wages, but wasn't able to provide proof.

Our investigator asked PayRNet why they'd only returned £528.47 to the DWP, and not Ms S's full benefit payment but they didn't reply.

Our investigator didn't think PayRNet had acted fairly. She thought PayRNet should return the remainder of Ms S's funds from the DWP, pay 8% and give £100 compensation for the inconvenience caused.

Ms S responded to query the DWP payment, and advised she'd only received £8.47 and therefore had £676.84 outstanding. Our investigator reviewed their opinion, and issued a second view amending the redress. She recommended that PayRNet pay Ms S £676.84, plus 8% on the entire payment from DWP to the date of repayment and £100 compensation.

PayRNet didn't accept our investigator's recommendation in full. They agreed to pay Ms S £100 in compensation, and 8% on the funds from the date of restriction to the date of

release however they disputed the funds weren't returned to source. PayRNet reiterated that they returned £528.47 on 14 February 2023.

Our investigator didn't agree. And advised PayRNet that the burden of proof was on them to show the funds had been correctly returned. But the business didn't respond. So the case has been passed to me for a decision.

### **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'm aware that I've summarised the events in this complaint in less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the most important issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Ms S and PayRNet have said before reaching my decision.

PayRNet are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review.

I've looked at what happened here and it appears that Ms S's account was flagged for review after a payment was received in October 2021. I understand that Ms S may have found this inconvenient but PayRNet's terms are clear in detailing their ability to review accounts and suspend them when necessary – and I think they initially followed these terms and conditions fairly. It follows, I can't say they acted unfairly in blocking access to Ms S's account.

I've moved on to consider whether PayRNet acted fairly in holding on to Ms S's funds. PayRNet withheld two sets of funds into Ms S's account, one payment of £161.16 and one of £685.31. I've considered the £161.16 payment first. Our investigator asked Ms S for proof of entitlement to the funds. Ms S advised she thought the funds were wages either for her or her husband, however she wasn't able to provide specifics or evidence for why the funds were sent to her. I understand it's inconvenient for Ms S that she's unable to locate the funds but because of the lack of proof of entitlement provided by Ms S I can't say PayRNet acted unfairly in returning them to source.

I've also thought about whether PayRNet acted fairly in withholding the £685.31 payment from DWP. And I don't think they did. Generally, our service expects a business to allow a customer access to benefits or salary – funds which obviously belong to a customer. PayRNet haven't given a justifiable reason why Ms S's benefits weren't released to her. And I'm satisfied that they should have given Ms S access to her benefit funds on 11 November 2021 – when they arrived into her account.

PayRNet have argued that they returned most of Ms S's funds to DWP on 14 February 2023. And I've seen a screenshot from PayRNet which shows £528.47 was returned to DWP on this date. But, I've also seen a copy of correspondence Ms S had with the DWP, dated 23 February 2023 which advises they've only received £8.47 of the £528.47. I appreciate that PayRNet are insistent they returned a much higher level of funds – but from what DWP have advised I'm satisfied Ms S *still* hasn't received the funds which

she's rightfully entitled to. It follows I'll be asking PayRNet to return the remaining funds to Ms S.

If DWP do locate the remaining funds and offer to return them to Ms S, I'd expect Ms S to advise DWP to contact PayRNet and return the funds.

### **Putting things right**

I'm satisfied that Ms S experienced inconvenience when chasing PayRNet to get information about the status of her funds – for this reason I think PayRNet should pay her £100 compensation.

I'll also be asking PayRNet to return £676.84 to Miss S, from the date the funds were restricted to the date they were returned, and 8% interest on the full payment from DWP to repay Miss S in being deprived of her funds.

### **My final decision**

My final decision is I direct PayRNet Limited to:

- Pay Ms S £100 in compensation for the inconvenience caused
- Pay Ms S £676.84, and pay 8% simple interest from 11 November 2021 to the date the funds are returned.
- Pay 8% simple interest on £8.47 from 11 November 2021 to 23 February 2023

HM Revenue & Customs require PayRNet to withhold income tax from the abovementioned interest. PayRNet should give Ms S a certificate showing how much is taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 30 May 2023.

Jeff Burch  
**Ombudsman**