

The complaint

Mr T complains that PayrNet, trading as Pockit, restricted access to his account and returned his funds to source.

What happened

Mr T had an account with Pockit.

On 24 March 2022 Pockit restricted access to his account.

On 30 March 2022 Mr T contacted our service to complain. As Pockit were yet to respond to his complaint, our service referred the complaint on – however Pockit didn't reply or issue a final response letter.

Mr T explained that he'd managed to redirect his future benefits to another account, however him and his family were struggling financially due to not having access to the funds.

One of our investigators was assigned Mr T's complaint. They contacted Pockit and the business explained that the funds, totalling £313.64, were returned to the department of work and pensions (DWP) on 7 June 2022. And Mr T's account was closed on the same date. Our investigator asked Pockit why Mr T's funds weren't returned to source sooner. Pockit advised that they had internal processing delays.

Our investigator looked into Mr T's complaint. She thought Pockit had acted fairly in closing his account without notice, but the electronic money provider shouldn't have restricted Mr T's access to his benefits. And she asked Pockit to pay Mr T £100 for the inconvenience caused and 8% interest on the restricted funds from 30 March 2022 until he was able to access them in January 2023.

Both parties accepted, with Pockit accepting on 14 February 2023 – however after asking Mr T to provide a current bank statement to verify his details, Pockit haven't responded or paid the redress.

For this reason the case has been passed on 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.

Both parties have agreed with the recommendation made by our investigator – but for completeness I'll briefly explain why I think this is a fair outcome in the circumstances of this complaint.

Our rules allow us to receive evidence in confidence. We may treat evidence from 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 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. Having looked at what's happened, Mr T's access to his account was restricted on 24 March 2022. I appreciate Mr T may have found the restriction inconvenient but Pockit must ensure they keep their due diligence checks updated at all times. It follows I don't think Pockit's actions in initially restricting Mr T's access to his account were unfair. However, I need to consider the length of time the restriction was in place and the impact this had on Mr T.

On 30 March 2022 Mr T received £313.61 in benefits into his account. Mr T had a small balance of £0.03 at the time, giving him a total balance of £313.64. Generally, our service would expect a business to give a customer access to funds which they are obviously entitled to – unless there's a justifiable explanation for why this didn't happen. Pockit haven't given a satisfactory explanation for this – and therefore although they were entitled to restrict Mr T's access, Mr T's benefits should have been accessible to him from when they were received. However, Mr T's funds weren't returned to the DWP until June 2022. And Pockit didn't notify Mr T about this. Mr T was first informed that his benefits had been returned to DWP in December 2022 and I'm satisfied it's unlikely he gained access to them until 3 January 2023.

Putting things right

Mr T advised that he experienced inconvenience in being unable to access the benefit payment on 30 March 2022. I'm satisfied that £100 is fair compensation for this, along with 8% interest for the deprivation of the funds.

My final decision

My final decision is I direct PayRNet limited, trading as Pockit, to:

- Pay Mr T £100 compensation for the inconvenience caused
- Pay 8% simple interest on £313.64 from 30 March 2022 to 3 January 2023

HM Revenue & Customs may require PayRNet Limited to withhold income tax from the abovementioned interest. If so, PayRNet should give Mr T a certificate showing how much is taken off if it asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 May 2023.

Jeff Burch
Ombudsman